

Economic Development in the 21st Century



FY 2000 Congressional Request



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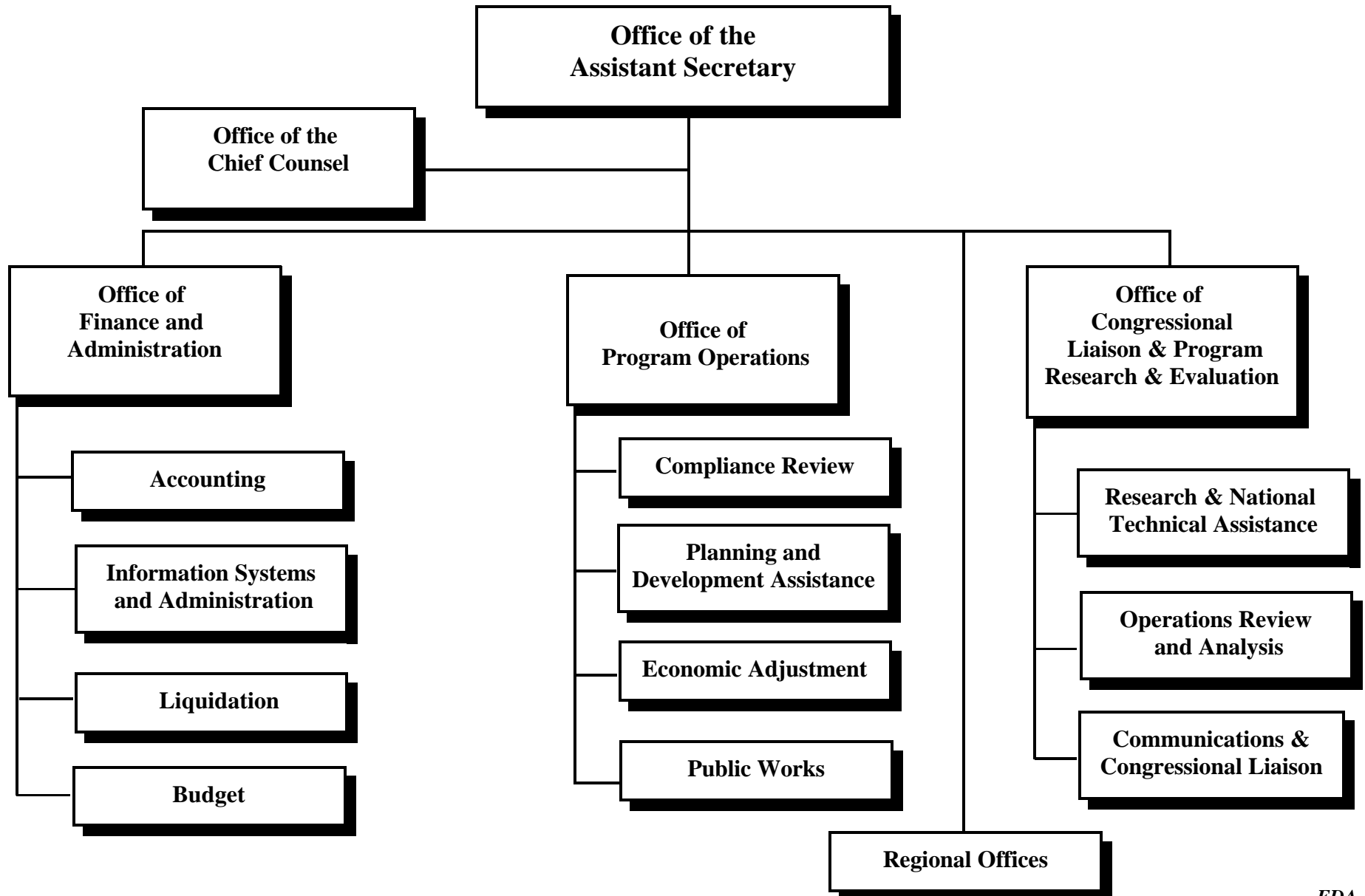
Department of Commerce
Economic Development Administration
BUDGET ESTIMATES, FISCAL YEAR 2000
CONGRESSIONAL SUBMISSION
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**U.S. Department of Commerce
Economic Development Administration**



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**Department of Commerce
Economic Development Administration
Budget Estimates, Fiscal Year 2000**

EXECUTIVE SUMMARY

Economic Development for the 21st Century

Through the Economic Development Administration (EDA), the Department of Commerce provides financial assistance to help distressed communities overcome barriers that inhibit the growth of their local economies. EDA's overriding objective is to "create a climate conducive to the development of private enterprise in America's distressed communities."

EDA has become an efficient, well-managed and customer-focused, Congressionally authorized agency that more adeptly serves the Nation's distressed communities through a series of changes that have heightened customer satisfaction and improved program delivery. EDA was created by the Public Works and Economic Development Act of 1965, and reauthorized for five years by the Economic Development Administration Reform Act of 1998 (Public Law 105-393, signed by President Clinton on November 13, 1998).

EDA has the necessary tools and experience to meet the changing needs and challenges of America's communities. Its history of stimulating innovations in the field of economic development includes establishing a nation-wide network of locally based regional economic development districts (EDDs) in the 1960s; Revolving Loan Funds (RLFs); business incubators and trade adjustment assistance for firms in the 1970s; defense adjustment in the 1980s and 1990s and long-term post disaster economic recovery in the 1990s. For over thirty years, EDA has demonstrated the ability to design and implement effective and coordinated multi-faceted strategies to help communities meet the challenges of substantial and persistent economic deterioration as well as significant near-term economic dislocations brought about by sudden and severe changes in local economic conditions.

While the main emphasis is on long-range economic development, EDA's program is based upon a combination of flexible and proven economic development tools that help communities and businesses achieve their competitive economic potential through the strategic investment of resources. Those investments help build local capacity to enable state and local economic development practitioners understand and address economic development challenges and opportunities of an area's economy and provide a source of capital to help fund modern and innovative economic infrastructure projects that are needed to move a community forward.

America's communities span the range from high-technology users and generators to technology-deprived pockets of poverty. All communities aim to participate in the growing use of technology and increasing global trade, but their level of competitive readiness varies. Different types of economic development assistance are required for communities that differ in readiness. EDA is the agency most experienced in addressing wide ranges of capacity building needs of America's communities. We match our investments with the "State of the Market" while helping communities to move towards the "State of the Art."

An emerging, changing global marketplace, the acceleration of technological innovation and the constant restructuring of firms and industries requires that the Nation's work-force, businesses and communities be more flexible, entrepreneurial and innovative. As we approach the 21st Century, communities are looking for new and innovative ways to spur economic development and EDA will support those efforts. Together we can meet the challenge posed by President Clinton, who in his 1998 State of the Union address stressed the need to prepare America for the new millennium.

Through EDA's highly flexible programmatic tools, the Department of Commerce's domestic mission can become an integral and vital component of the federal effort to help businesses and communities promote job creation, economic growth, and sustainable development while improving the living standards of all Americans. EDA's established relationships with state and local governments, economic development districts, Native American organizations, business, universities, community based organizations and workers provides a solid foundation for building the new partnerships that will be needed in the future for promoting and supporting America's competitiveness in the global marketplace.

In recent years, EDA has restructured its grants process and management operations to be better able to respond to the needs of communities. EDA has also focused its research and evaluation efforts on developing information and learning to boost economic development innovation at the local level. This new focus supports an agenda for helping all of America's communities adopt technology- and trade-led economic development strategies.

Recently completed studies funded under EDA's Research & National Technical Assistance Program have pointed to the effectiveness of EDA's investments and local partnership network in promoting economic development. Among these:

- *The Rutgers University Public Works Study* showed that infrastructure in the service of enlarging or stabilizing a community's economic base, to house incubators and skills training centers, and to provide a supportive environment for attracting technology companies creates many jobs at low cost.

This study was completed in May 1997 by Rutgers University with the New Jersey Institute of Technology, Columbia University, Princeton University, the National Association of Regional Councils and the University of Cincinnati.

- *The University of Michigan Incubator Study* showed that incubators are a successful and inexpensive way to grow jobs related to technology, trade or other fields.

This report, "Impact of Incubator Investments," was completed in August 1997 by the University of Michigan with the National Business Incubation Association, Ohio University and the Southern Technology Council.

- *The Information Design Associates Cluster Study* showed that communities that work closely with local business leaders and convene the players in the local economy develop and implement action strategies that are wiser and realistic.

This report, "Cluster-Based Economic Development: A Key to Regional Competitiveness," was completed in October 1997.

- *The Rutgers University Defense Adjustment Study* showed that base closure communities, and communities impacted by defense procurement reductions, generate job creation and private investment outcomes using extensive technology- and trade-based economic development tools.

This study was completed in November 1997 by Rutgers University with the New Jersey Institute of Technology, Columbia University, Princeton University, the National Association of Regional Councils and the University of Cincinnati.

- *The State Science & Technology Institute study, "Science and Technology Strategic Planning: Creating Economic Opportunity,"* on state technology planning showed that community capacity for implementing local technology plans requires substantial additional investment.
- *The Aguirre International study of EDA's Midwest Flood Assistance Program* showed that EDA's early assistance with disaster coordinators and local planning filled a critical gap in long-term economic recovery of communities affected by the 1993 Midwest Flood.

The Department of Commerce FY 1999 Budget In Brief noted that "Commerce is the only federal department whose structure encourages the integration of economics, trade and business development, environmental stewardship, technology and information." This is also true for EDA, an agency which, through its flexible and broad programmatic tools, works in partnership with local communities to provide the customized federal assistance to best help create the economic opportunity critical to those communities' futures.

To enhance the effectiveness and impact of EDA's programs, and to further the departmental goal of integration and sustainable economic development, we have worked aggressively to create and strengthen partnerships both within Commerce and among other federal agencies. EDA's partners include:

- National Oceanic and Atmospheric Administration (NOAA) - sustainable economic development and disaster mitigation;
- Economics and Statistics Administration/STAT-USA - Office of Economic Conversion Information (OECI) creation and operations;

The OECI is an Internet site that contains information relevant to dislocated workers, economically impacted communities and affected businesses adjusting to defense downsizing. The site also host the PARCELS system, an electronic "multiple listing" service describing industrial and manufacturing locations and facilities available for acquisition and reuse on closed military installations. EDA is in process of redeveloping and expanding the OECI to include disaster mitigation and recovery, trade adjustment assistance and other economic development topics.

- Federal Emergency Management Agency (FEMA) - disaster mitigation and recovery;
- Department of Defense/Office of Economic Adjustment (OEA) - community defense adjustment and community economic adjustment planning;
- Department of Energy (DOE) - community defense adjustment;
- Environmental Protection Agency (EPA) - Brownfields redevelopment and air quality enhancement;
- Appalachian Regional Commission (ARC) - community economic development in the 13 state ARC service area;
- Department of Agriculture (USDA) - joint local economic development projects;
- United States Army Corp of Engineers (USACE) - post-disaster economic recovery projects;
- Department of Labor (DOL) - community defense and trade adjustment;
- Department of the Treasury/North American Development Bank - community capital access and trade adjustment;
- Council on Environmental Quality and the Department of Interior - economic revitalization of our nation's rivers through the American Heritage Rivers Initiative;
- President's Council on Sustainable Development - promoting sustainable economic development through conferences, program prioritization, and policy discussions; and,
- Council on Environmental Quality - development of federal policy on urban sprawl, smart growth and regionalization.

In FY 2000, EDA is presenting its budget in a dramatically new way, aligned according to major community needs.

- Reinforced commitment to Community and Regional Economic Enhancement ;
- Continued Community and Economic Adjustment;
- Expanded Disaster Mitigation and Economic Recovery; and,
- Broader National Program Analysis and Information Consolidation.

FY 2000 SUMMARY OF APPROPRIATION REQUESTS

For FY 2000, EDA is requesting \$28.971 million for "Salaries and Expenses" to fund a total of 271 full-time equivalencies (FTEs) and 272 authorized positions (includes 7 reimbursable FTEs/positions). For its "Economic Development Assistance Programs" (EDAP) or grant account, EDA is requesting \$364.379 million. The differences between the FY 2000 request and the FY 1999 Appropriation are outlined below.

SALARIES AND EXPENSES (S&E)

The FY 2000 request of \$28.971 million represents an increase of \$4.971 million above the FY 1999 appropriation. This increase is required to provide base funding for 268 authorized permanent positions and FTEs. An additional 3 FTEs and 4 positions are required to support the implementation of the Alaska fisheries recovery strategy for which funding was appropriated in FY 1999. In FY 1996, EDA undertook a substantial reduction in force and enacted severe cost saving measures, bringing the agency to a level of operations considered the minimum required to manage EDA's still robust programs. In order to enable the agency to support this base staffing level, EDA's S&E appropriation was supplemented through special funding from post-disaster economic recovery, reimbursable agreements and one time transfers of funds. EDA believes that it is important to achieve stability in its base S&E appropriation to support its currently modest operational level and to no longer rely upon unpredictable, one time adjustment to maintain adequate staffing levels. The extensive portfolio of active, open economic development projects across the country, averaging over 2,000 projects amounting to about \$1 billion in obligations, have also increased the agency's fiduciary responsibilities. Finally, the accretion of agency responsibilities under GPRA will require increased levels of outreach and oversight of EDA projects across the country. Increased activity and responsibilities require concomitant S&E resources.

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS (EDAP)

For FY 2000, EDA is requesting a budget of \$364.379 million, which represents a \$4 million decrease from the FY 1999 EDAP appropriation of \$368.379 million. EDA traditional programs will continue to focus on projects that develop a community's capacity to successfully address local economic challenges, catalyze private sector investments that create private sector jobs and foster positive, long-term economic change. The President's budget provides a \$20 million increase for EDA's economic adjustment grant program to help distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements, industry downsizings, plant closings, environment regulations and natural disasters.

In traditional budget categories, the differences between the FY 2000 request and the FY 1999 appropriation are listed below.

Increases include:

- \$5.671 million for Planning from \$24.000 million to \$29.671 million
- \$2.501 million for Technical Assistance from \$9.100 million to \$11.601 million
- \$2.5 million for Trade Adjustment Assistance from \$9.5 million to \$12.0 million

- \$20.0 million for Economic Adjustment from \$34.629 million to \$54.629 million

Decreases include:

- \$14.672 million in Public Works from \$205.850 million to \$191.178 million
- \$20.0 million in Defense Economic Adjustment from \$84.8 million to \$64.8 million.

FY 2000 PERFORMANCE PROJECTIONS

EDA goals, objectives and performance measures support the Commerce Strategic Plan in three major areas: economic infrastructure, science and technology, and resource management. EDA's role is to stimulate employment and private-sector investment in economically distressed areas of the Nation. EDA does this by developing local capacity for economic growth and through the strategic investment of resources in distressed communities. EDA program goals and objectives are shown in Exhibit 3(a).

EDA Performance Measures

EDA established performance measures for all programs beginning with FY 1997 grant awards. EDA performance measures focus on outcomes (jobs created and retained, private dollars invested, additional public and private sector dollars leveraged, increased tax base) that are realized over a period of years after projects are completed. EDA is using systematic evaluations of all program activities to develop and refine EDA performance measures and report on program outcomes.

Program evaluations completed or underway include:

- o Public Works Program Performance Evaluation (Rutgers University et al.) - 1997
- o Defense Adjustment Program Performance Evaluation (Rutgers University et al.) - 1997
- o Science and Technology Strategic Planning (SSTI/Battelle Institute) - 1997
- o Impact of Incubator Investments (University of Michigan, et al) - 1997
- o Cluster-based Economic Development (Information Design Associates) - 1997
- o Evaluation of EDA's Response to the Midwest Flood of 1993(Aguirre International) - 1998
- o Public Works Program: Multiplier & Employment-Generating Effects (Rutgers et al.) - 1998
- o Overall Economic Development Program Evaluation (Corporation for Enterprise Development et al.) - 1998
- o Performance Measures for EDA Planning Programs (Applied Development Economics) -1998
- o Trade Adjustment Assistance Program (Urban Institute) - 1998
- o Microenterprise Development (Rutgers University) - 1998
- o University Center Peer Review (NAMTAC) - 1998
- o State Incentive Programs (National Assoc. of State Development Agencies) - 1998

Proposed evaluations for FY 1999 and FY 2000 include:

- Revolving Loan Fund Program
- Technology Commercialization
- Brownfields/Air Quality
- Native American Program
- State International Trade Programs

- Trade Impacts on Communities

FY 2000 Performance Projections

Recently completed evaluations of public works and defense adjustment activities document the long-term nature of EDA investments and indicate that project outcomes typically are not fully realized until six to ten years following project completion for public works and infrastructure projects. Such projects may require three years to complete construction and, once completed, continue to create jobs, attract investment, increase tax base, and diversify local economies as businesses locate and expand in EDA funded industrial parks, incubators, and areas served by road, water and sewer, and training facilities. Outcomes for FY 2000 public works grants are projected for FY 2009.

For revolving loan funds, jobs are generated shortly after project approval, but projects continue to generate jobs and investment as new loans are made from principal repayments in subsequent years. EDA tracks the cumulative results for revolving loan funds projects, including increases in the capital base. Outcomes for FY 2000 capital access grants are projected for FY 2009.

Performance Reporting, Data Collection and Validation

Beginning with the FY 1997 grant awards, EDA established requirements to report performance data (e.g., jobs created and saved, private dollars invested, additional public and private dollars leveraged, increased tax base) at project completion and two and four years following project completion. Revisions will be made as EDA works to refine measures and reporting requirements through ongoing evaluations and consultations with grantees and other stakeholders.

Beginning with FY 1999 grant awards, public works grantees will report at project completion and three and six years following completion. Revolving loan fund grantees will report at three, six and nine years following project approval. Planning and technical assistance grantees will report annually or at project completion. Management objectives for the years leading up to and including FY 2000 include:

- completing a major upgrade to EDA's data system for approved and pending projects.
- integrating the performance measurement data system into the larger system upgrade;
- conducting pilots to train EDA staff and grantees on performance measures and reporting requirements;
- implementing ongoing data collection systems and validating data;
- developing reporting formats to improve program management;
- analyzing and reporting on program performance.

As previously stated, most program activities will require from six to ten years following project completion to fully realize projected outcomes. To address this gap, EDA will use interim pilots to continually validate findings from the public works and defense adjustment evaluations by reviewing the performance of construction and revolving loan projects that are at least six years old. The interim pilots will be used to develop capacity for performance measurement within EDA and by our partners, and may be expanded to validate additional program activities each year.

Department of Commerce
Economic Development Administration
Strategic Plan
GOALS AND OBJECTIVES AND PERFORMANCE MEASURES

DOC Strategic Theme	EDA Goal	EDA Objectives	Program Supporting Objective	Outputs	Outcomes
I ECONOMIC INFRASTRUCTURE: Build for the future and promote U.S. competitiveness in the global marketplace by strengthening and safeguarding the Nation's economic infrastructure.	I-A To establish, retain or expand commercial, industrial, and high-technology enterprises to stimulate the creation of private sector jobs for unemployed and underemployed residents.	I-A-1 To help build, rebuild, and expand vital public infrastructure facilities that offer substantial employment potential and improve the capacity for economic growth in distressed areas.	Public Works Program	Construction grants	P Jobs created and/or retained P Private dollars invested in EDA project P Other public dollars invested in EDA project P Improved capacity for growth P Local tax base increased
		I-A-2 To overcome specific capital market gaps and encourage greater private sector participation in economic development activities by the establishment or expansion of revolving loan funds in economically distressed areas.	Capital Access	RLF grants	P Jobs created and/or retained P Number of businesses assisted (loans) P Non-RLF dollars leveraged by the RLF loan P Other dollars leveraged P RLF capital base (grant+local share+net income-write-offs)
	I-B To build local capacity and partnerships for economic development planning and investment activities in distressed communities.	I-B-1 To identify economic problems, assess the availability of local and non-local resources, and formulate and implement realistic development strategies at all levels of government through planning and technical assistance to distressed communities.	Planning program Technical assistance program	Planning and local TA grants; economic adjustment strategy grants	Grantee self-evaluate: 1 to 10 (10=best): P Quality of OEDP/Strategy P Extent of community participation P Extent implementation projects are based on OEDP/Strategy P Quality of evaluation or feasibility study P Impact of feasibility study on project planning

DOC Strategic Theme	EDA Goal	EDA Objectives	Program Supporting Objective	Outputs	Outcomes
	I-C To provide new knowledge, analysis, and technical information which serve both to assess economic development problems and to mobilize non-federal resources for their solutions at the local level.	I-C-1 To study and research emerging and anticipated economic development problems.	Research & Evaluation program Technical assistance program	Research and National TA grants	Process and focus of program was changed dramatically in FY 1997; therefore, too early to measure except: P Results disseminated at national conferences P Results published in publications of national scope
		I-C-2 To provide technical assistance to local governments, community-based organizations and small businesses on economic development-related issues through colleges and universities.	Technical assistance program	University Center grants	Peer review and evaluation currently underway, including development of performance measures
		I-C-3 To aid firms and industries affected by import competition by providing technical assistance in diagnosing problems and assessing opportunities through business assistance centers.	Trade Adjustment Assistance program	TAAC grants P % of certification decisions within deadline	P % of company adjustment proposals (business plans) facilitated and developed P Sales & employment for all firms completing the program NOTE: Evaluation of program for bench marking purposes is underway in FY 1998.

DOC Strategic Theme	EDA Goal	EDA Objectives	Program Supporting Objective	Outputs	Outcomes
II SCIENCE, TECHNOLOGY & INFORMATION: Keep America competitive with cutting-edge science and technology and an unrivaled information base.	II-A To help both rural and urban communities incorporate technology as a tool for their economic development.	II-A-1 To help distressed communities plan for technology-led economic development, including the creation of electronic networks for economic development organizations.	Planning program Technical assistance program	Planning and local TA grants; economic adjustment strategy grants	Grantee self-evaluate: 1 to 10 (10=best): P Quality of OEDP or Strategy P Extent of community participation P Extent implementation projects are based on OEDP/Strategy P Quality of evaluation or feasibility study P Impact of feasibility study on project planning
		II-A-2 To help distressed communities build infrastructure related to technology-based business incubators, industrial technology research centers and laboratories, technical skills training centers, and entrepreneurial development.	Public Works program	Construction grants	P Jobs created and/or retained P Private dollars invested in EDA project P Other public dollars invested in EDA project P Improved capacity for growth P Local tax base increase
		II-A-3 To provide technical assistance for communities including assistance to establish trade and commerce organizations.	Technical assistance program	Local TA grants	P Quality of assistance or feasibility study P Impact of feasibility study on project planning
III RESOURCE MANAGEMENT: Provide effective management and stewardship of our Nation's resources and assets to ensure sustainable economic opportunities.	III-A To enable communities that have acquired military installations during the recent defense downsizing to convert their use to civilian functions and transform these national assets to local economic benefit.	III-A-1 To help communities design and implement strategies for adjusting to defense downsizing and base closures that are causing, or threaten to cause, serious structural damage to the underlying economic base.	Planning Public Works program Technical assistance program	Strategy and implementation grants; construction grants; local TA grants	SEE MEASURES FOR GOAL I, OBJECTIVES A, B and C

DOC Strategic Theme	EDA Goal	EDA Objectives	Program Supporting Objective	Outputs	Outcomes
		III-A-2 To help communities replace, transform or expand infrastructure facilities of military installations in order to retain or create substantial employment potential.	Planning Public Works program Technical assistance program	Strategy and implementation grants; construction grants; local TA grants	SEE MEASURES FOR GOAL I, OBJECTIVES A, B and C
	III-B To enable communities to achieve long-term economic recovery from devastation of their productive resources by natural disasters.	III-B-1 To help communities adversely affected by natural disasters improve their capacity for economic recovery or adjustment. III-B-2 To restore productive capacity and stimulate investment for disaster mitigation. III-B-3 Rebuild infrastructure and implement disaster recovery and mitigation strategies.	Planning Technical Assistance Capital Access Public Works	Strategy and implementation grants; construction grants; planning and local TA grants	SEE MEASURES FOR GOAL I, OBJECTIVES A, B and C
	III-C To enable distressed communities to practice and implement sustainable development.	III-C-1 To help communities develop an integrated approach to economic development that incorporates early planning at the local level, and full participation of stakeholders, into a comprehensive strategy that conserves resources and sustains community and quality of life.	Capital Access Public Works program Technical assistance program Planning program	Strategy and implementation grants; construction grants; planning and local TA grants	SEE MEASURES FOR GOAL I, OBJECTIVES A, B and C

DOC Strategic Theme	EDA Goal	EDA Objectives	Program Supporting Objective	Outputs	Outcomes
		III-C-2 To help communities redevelop Brownfields.	Capital Access Public Works program Technical assistance program Planning program	Strategy and implementation grants; construction grants; planning and local TA grants	SEE MEASURES FOR GOAL I, OBJECTIVES A, B and C
		III-C-3 To help distressed communities develop eco-industrial parks and respond to economic dislocation caused by national environmental policies.	Capital Access Public Works program Technical assistance program Planning program	Strategy and implementation grants; construction grants; planning and local TA grants	SEE MEASURES FOR GOAL I, OBJECTIVES A, B and C

Economic Development Administration
Economic Development Assistance Programs
Activity/Subactivity Change Crosswalk
FY 1999/2000 Structure
(Dollars in thousands)

FY 1999								
PROGRAM STRUCTURE	PUBLIC WORKS	PLANNING	TECHNICAL ASSISTANCE	RESEARCH & EVALUATION	TRADE ADJ. ASSIST	ECONOMIC ADJUSTMENT	DEFENSE ECON. ADJUST	TOTAL
COMMUN & REGIONAL ECONOMIC ENHANCEMENT	205,850	24,000	7,999	0	0	31,250	84,800	353,899
PLANNING	0	24,000	0	0	0	4,969	3,731	32,700
TECHNICAL ASSISTANCE	0	0	7,999	0	0	4,437	5,088	17,524
PUBLIC WORKS	205,850	0	0	0	0	13,625	74,115	293,590
CAPITAL ACCESS	0	0	0	0	0	8,219	1,866	10,085
COMMUNITY ECONOMIC ADJUSTMENT	0	0	0	0	9,500	0	0	9,500
PLANNING	0	0	0	0	0	0	0	0
TECHNICAL ASSISTANCE	0	0	0	0	9,500	0	0	9,500
PUBLIC WORKS	0	0	0	0	0	0	0	0
CAPITAL ACCESS	0	0	0	0	0	0	0	0
DISASTER MITIGATION & ECONOMIC RECOVERY	0	0	0	0	0	3,379	0	3,379
PLANNING	0	0	0	0	0	3,379	0	3,379
TECHNICAL ASSISTANCE	0	0	0	0	0	0	0	0
PUBLIC WORKS	0	0	0	0	0	0	0	0
CAPITAL ACCESS	0	0	0	0	0	0	0	0
NATL PROG. ANALYSIS & INFO CONSOLIDATION	0	0	1,101	500	0	0	0	1,601
TECHNICAL ASSISTANCE & RESEARCH	0	0	1,101	500	0	0	0	1,601
TOTAL FY 1999	205,850	24,000	9,100	500	9,500	34,629	84,800	368,379

FY 2000 PROGRAM INCREASES/DECREASES								
PROGRAM STRUCTURE	PUBLIC WORKS	PLANNING	TECHNICAL ASSISTANCE	RESEARCH & EVALUATION	TRADE ADJ. ASSIST	ECONOMIC ADJUSTMENT	DEFENSE ECON. ADJUST	TOTAL
COMMUN & REGIONAL ECONOMIC ENHANCEMENT	(14,672)	5,671	2,001	0	0	20,000	(20,000)	(7,000)
PLANNING	0	5,671	0	0	0	3,180	(880)	7,971
TECHNICAL ASSISTANCE	0	0	2,001	0	0	2,840	(1,200)	3,641
PUBLIC WORKS	(14,672)	0	0	0	0	8,720	(17,480)	(23,432)
CAPITAL ACCESS	0	0	0	0	0	5,260	(440)	4,820
COMMUNITY ECONOMIC ADJUSTMENT	0	0	0	0	2,500	0	0	2,500
PLANNING	0	0	0	0	0	0	0	0
TECHNICAL ASSISTANCE	0	0	0	0	2,500	0	0	2,500
PUBLIC WORKS	0	0	0	0	0	0	0	0
CAPITAL ACCESS	0	0	0	0	0	0	0	0
NATL PROG. ANALYSIS & INFO CONSOLIDATION	0	0	500	0	0	0	0	500
TECHNICAL ASSISTANCE & RESEARCH	0	0	500	0	0	0	0	500
TOTAL FY 2000 PROGRAM INCREASES	(14,672)	5,671	2,501	0	2,500	20,000	(20,000)	(4,000)

FY 2000								
PROGRAM STRUCTURE	PUBLIC WORKS	PLANNING	TECHNICAL ASSISTANCE	RESEARCH & EVALUATION	TRADE ADJ. ASSIST	ECONOMIC ADJUSTMENT	DEFENSE ECON. ADJUST	TOTAL
COMMUN & REGIONAL ECONOMIC ENHANCEMENT	191,178	29,671	10,000	0	0	51,250	64,800	346,899
PLANNING	0	29,671	0	0	0	8,149	2,851	40,671
TECHNICAL ASSISTANCE	0	0	10,000	0	0	7,277	3,888	21,165
PUBLIC WORKS	191,178	0	0	0	0	22,345	56,635	270,158
CAPITAL ACCESS	0	0	0	0	0	13,479	1,426	14,905
COMMUNITY ECONOMIC ADJUSTMENT	0	0	0	0	12,000	0	0	12,000
PLANNING	0	0	0	0	0	0	0	0
TECHNICAL ASSISTANCE	0	0	0	0	12,000	0	0	12,000
PUBLIC WORKS	0	0	0	0	0	0	0	0
CAPITAL ACCESS	0	0	0	0	0	0	0	0
DISASTER MITIGATION & ECONOMIC RECOVERY	0	0	0	0	0	3,379	0	3,379
PLANNING	0	0	0	0	0	3,379	0	3,379
TECHNICAL ASSISTANCE	0	0	0	0	0	0	0	0
PUBLIC WORKS	0	0	0	0	0	0	0	0
CAPITAL ACCESS	0	0	0	0	0	0	0	0
NATL PROG. ANALYSIS & INFO CONSOLIDATION	0	0	1,601	500	0	0	0	2,101
TECHNICAL ASSISTANCE & RESEARCH	0	0	1,601	500	0	0	0	2,101
TOTAL FY 2000	191,178	29,671	11,601	500	12,000	54,629	64,800	364,379

DEPARTMENT OF COMMERCE
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)

<u>Page No.:</u>		<u>Positions</u>	<u>FTE</u>	<u>BUDGET AUTHORITY</u>	<u>DIRECT OBLIGATIONS</u>
	FY 1999 Appropriation	0	0	368,379	404,348
	Less: Obligations from prior year.	0	0	0	(16,869)
EDA-21	Plus: 2000 Adjustments to base.	<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,100)</u>
	2000 Base Request.	0	0	368,379	368,379
	Plus 2000 program changes	<u>0</u>	<u>0</u>	<u>(4,000)</u>	<u>(4,000)</u>
	2000 Estimate.	0	0	364,379	364,379

	COMPARISON BY ACTIVITY		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
			Amount	Amount	Amount	Amount	Amount
EDA-22	Community and Regional Economic Enhancement	BA	\$328,899	\$353,899	\$353,899	\$346,899	(\$7,000)
		Obl.	328,899	353,899	0	0	0
	Planning	BA	32,670	32,700	32,700	40,671	7,971
		Obl.	32,663	32,700			0
	Technical Assistance	BA	17,585	17,524	17,524	21,165	3,641
		Obl.	17,690	17,524			0
	Public Works	BA	268,822	293,590	293,590	270,158	(23,432)
		Obl.	268,785	293,590			0
	Capital Access¹	BA	9,822	10,085	10,085	14,905	4,820
		Obl.	9,761	10,085			0

¹Includes Revolving Loan Funds

	COMPARISON BY ACTIVITY		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
EDA-33	Community Economic Adjustment	BA	9,500	9,500	9,500	12,000	2,500
		Obl.	9,500	9,500	0	0	0
	Technical Assistance	BA	9,500	9,500	9,500	12,000	2,500
		Obl.	9,500	9,500			0
EDA-37	Disaster Mitigation and Economic Recovery	BA	0	3,379	3,379	3,379	0
		Obl.	0	3,379	0		0
	Planning	BA	0	3,379	3,379	3,379	0
		Obl.	0	3,379			0
EDA-40	National Program Analysis and Information Consolidation	BA	1,601	1,601	1,601	2,101	500
		Obl.	1,601	1,601	0	0	0
	Technical Assistance and Research	BA	1,601	1,601	1,601	2,101	500
		Obl.	1,601	1,601			0
	1997 Upper Midwest Floods	BA					0
		Obl.	27,703	12,016			0
	Hurricane Andrew	BA	0	0			0
		Obl.	4,313	2,284			0
	Hurricane Fran/Hortense	BA	0	0			0
		Obl.	15,561	0			0
	Tri-State Floods	BA	0	0			0
		Obl.	0	1,439			0
	1996 Floods	BA	0	0			0
		Obl.	1,000	24			0
	Butte Montana	BA	2,000	0			0
		Obl.	2,000	0			0
	Defense Adjust/Miss. Inst/City of Hesston	BA	0	0			0
		Obl.	0	1,106			0

	COMPARISON BY ACTIVITY		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
	Alaska	BA	0	19,100			0
		Obl.	0	19,100			0
	Total Budget Authority	BA	342,000	387,479	368,379	364,379	(4,000)
		Obl.	390,577	404,348	0	0	0
	Adjustments to Obligations:		0	0			0
	Recoveries		(5,124)	0			0
	Unobligated balance, start of year		(60,322)	(16,869)			0
	Unobligated balance transferred		0	0			0
	Unobligated balance, end of year		16,869	0			0
	Transfer from other accounts (-)		0	(19,100)			0
	Unobligated balance, expiring		0	0			0
	Transfers to other accounts (+)		0	0			0
	Appropriations		342,000	368,379	368,379	364,379	(4,000)

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF FINANCING
(Dollar amounts in thousands)

	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Total Obligations	\$402,827	\$404,948	\$368,379	\$364,379	(\$4,000)
Financing:					
Offsetting collections from:					
Federal funds	(12,250)	(600)			
Trust funds					
Non-Federal sources					
Recoveries	(5,124)				
Unobligated balance, start-of-year	(60,322)	(16,869)			
Unobligated balance transferred					
Unobligated balance, end-of-year	16,869				
Unobligated balance lapsing					
Budget Authority	342,000	387,479	368,379	364,379	(4,000)
Transferred to/from other accounts		(19,100)			
Sequester					
Appropriation	342,000	368,379	368,379	364,379	(4,000)

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
ADJUSTMENTS:		
Non-recurring emergency funds	(\$19,100)
Emergency funds of \$19,100 will not be required in FY 2000.		

Department of Commerce
 Economic Development Administration
 Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

ACTIVITY: COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Community and Regional Economic Enhancement	BA	\$328,899	\$353,899	\$353,899	\$346,899	(\$7,000)
	Obl.	328,899				

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Community and Regional Economic Enhancement

Base Program

The nation is in one of the longest and strongest peace-time economic expansions in history, but not all parts of the country are benefitting equally. In fact, based upon the most currently available economic statistics (U.S. Census Bureau, 1996), approximately 13.7% of the population, or 36,528,000 people live in poverty; 5.1% of the workforce was unemployed over the past two years (Bureau of Labor Statistics, two-year unadjusted average as of March 31, 1998. The two year average is one of the basic economic distress measurements for EDA eligibility); and 2,656 counties, or over 90% of U.S. counties reported, are below the U.S. average per capita income of \$24,436 (1996 Bureau of Economic Analysis estimate).

Many of those not experiencing economic prosperity live in communities in declining inner cities or neglected rural areas which lack the most basic building blocks for economic growth. It is these communities in which EDA's traditional assistance is not just necessary, but essential.

While the main emphasis is on long-range economic development, EDA's program is based upon a combination of flexible and proven economic development tools that help communities and businesses achieve their competitive economic potential through strategic investment of resources. Those investments help build capacity to enable state, regional and local economic development practitioners understand and address economic development challenges and opportunities of an area's economy and provide a source of capital to help fund modern and innovative economic infrastructure projects that are needed to move a community forward.

The EDA community partnership approach to economic development is simple and straightforward yet demonstrably effective at addressing the wide variety of economic development and restructuring challenges facing the Nation's communities. The approach grows out of the understanding that economic development is an inherently local phenomenon, and that federal prescriptions as to which approach an area should take for its economic restructuring are almost certain to fail.

Based upon locally and regionally developed priorities, EDA works in partnership with other federal agencies, state and local governments, regional economic development districts, public and private non-profit organizations and Indian tribes, to serve as a catalyst for assisting distressed communities in achieving their long-term competitive economic potential through the strategic investment of resources. It is these investments which provide the opportunity for **Community and Regional Economic Enhancement**.

The basic building block of the EDA approach is the use of the agency's capacity building programs to support the efforts of local communities to develop their own strategy for rebuilding their area's economy. When communities come together to identify their strengths and weaknesses and develop an overall economic development strategy, that plan is based in reality, designed to provide private-sector job opportunities, and supported by local elected officials. This is true whether the strategy developed is for a community suffering from long-term economic decline, or one facing a sudden economic reversal such as a base closure or natural disaster. The local strategy is critical for successful economic development.

The first step is often through the Comprehensive Economic Development Strategy (CEDS), which is a local planning and implementation process designed to create jobs, foster more stable and diversified economies, improve living conditions, and provide a mechanism for guiding and coordinating the efforts of persons and organizations concerned with economic development. The CEDS is required to qualify for assistance through EDA's public works grants and can satisfy the planning requirements to qualify an area to receive other federal resources.

In recognition of the importance of local planning and in particular the CEDS process, EDA has initiated a comprehensive evaluation of its planning assistance efforts. This evaluation is being conducted by the Corporation for Enterprise Development and includes practitioners from the federal, state and local levels of government and most

importantly the regional and local planning professionals. The results of this evaluation of federal planning efforts, and the needs of local communities will provide necessary recommendations towards the revitalization of the CEDS process and the better coordination of such efforts across the federal government.

The powerfully robust results reported by the Rutgers Public Works study on project impact is in large part a result of the careful planning process that precedes project implementation. The high level of completion, completion on time, and completion under budget, points to the commitment and preparedness of local communities in undertaking EDA projects, and the salutary effects of the requirement that all communities provide a local "share" towards the costs of project activity. This is a direct result of the planning process that is an EDA prerequisite for project selection, and the national coverage that EDA planning grantee achieve.

Extending the benefits of this planning process to all communities across the nation, providing adequate funding to enable communities to address the new responsibilities being devolved by the federal government, and enabling local communities to coordinate the increasing number of federal initiatives, (e.g. brownfields, empowerment zones, sustainable development, etc.) requires a significant expansion in the level of funding for EDA's local technical assistance and planning partners. (This recommendation for increased partnership funding was the top priority of an agency-wide strategic planning process conducted in 1997-1998).

The programmatic tools which EDA has traditionally employed in working with distressed communities have included: state, regional and local planning; local technical assistance; trade adjustment assistance; infrastructure development; and, economic adjustment. These programs have been and continue to be delivered through a national network (320 local planning districts, 64 Indian Tribes or organizations, 69 university centers, and 12 trade adjustment assistance centers), a highly decentralized decision-making process, and an experienced regional structure with broad discretionary authority.

EDA's **Planning Assistance** provides the essential resources to states, sub-state planning regions, cities, urban counties, redevelopment areas, and Native American organizations to work in partnership with local public and private sector leaders, businesses, organizations and governments to define their economic challenges and develop an effective strategy to revitalize their communities.

The EDA funded network serves as a valuable local delivery mechanism for EDA and other federal assistance programs. Presently, under the district planning program, EDA assists over two-thirds of the U.S. Geographic area and more than one half of the Nation's population. These organizations have a substantial local economic development capacity created with EDA assistance. They have extensive knowledge of needs and potential of the cities, towns, and rural areas of the counties in their service area and provide technical assistance to all jurisdictions within the region.

Through these organizations broad community participation is possible as the district board is composed of local elected officials and private citizens representing all sectors of the community. The network serves as a local delivery mechanism for EDA as well as for other federal, state and local programs, and can be used in assisting in the implementation of Administration initiatives such as the 2000 Census, sustainable development, smart growth, reuse of brownfields, export development, and trade adjustment activities, among others.

Two additional assets within EDA that support local economic development efforts are the **University Centers and Local Technical Assistance programs**. These programs are designed to address two major impediments to economic development—the lack of information and technical knowledge. In economically distressed areas, development projects must often compete for resources with each other (as well as projects that provide basic public services, such as potable water and education). In the absence of information and technical knowledge, the allocation decisions made by local leaders may be less than optimal. Both the University Centers and Local Technical Assistance programs attempt to fill this knowledge gap and help local leaders to understand the economics underlying the various development projects.

University Centers as well as local and national technical assistance projects seek to: (1) foster new and creative approaches to economic development through hands-on assistance to local communities; (2) demonstrate and evaluate alternative investment approaches to economic development; and (3) strengthen the dissemination of economic development information and best practices. Institutions of higher education have significant resources—faculty expertise, laboratories, computers, etc. EDA's partnership with the University Centers takes those educational resources and helps to make them available to foster economic development, particularly in distressed areas.

EDA currently funds a network of 69 University Centers across the country. The majority of these University Centers target their economic development technical assistance efforts to units of local government and non-profit organizations, which are not eligible clients under SBA's Small Business Development Centers or Commerce's Minority Business Development Centers. Other University Centers focus their efforts on providing private sectors firms with technology transfer assistance.

The planning, local technical assistance and University Centers programs work together to enhance the local capacity critical to identifying the challenges and opportunities associated with a distressed community's potential for economic growth. More importantly, the assistance provided by these investments help to define the direction and the formulation of the strategies that sustain and promote that growth.

In most cases, a community's strategy will include the most basic of economic building blocks – infrastructure. As a result, the core of EDA's Community and Regional Economic Enhancement Investments involves **Public Works and Development Projects** to promote economic development to reduce unemployment and increase incomes in economically distressed areas. These investment will provide financial assistance in the form of grants to build, rebuild or expand vital public infrastructure necessary to develop business growth needed to generate new jobs and income. EDA's programs can also promote short-term job creation through the construction of public works and development facilities under the Public Works Impact Program.

EDA targets its Public Works program resources to areas of highest economic distress, i.e. areas experiencing high unemployment, low income and/or substantial out-migration. The goal is to ensure that these investments provide the best opportunity for distressed areas to improve their infrastructure and thereby help stimulate growth through the expansion and establishment of private enterprise. EDA infrastructure assistance is critical to the development and growth of local economies because EDA funds provide seed capital to distressed communities seeking to serve the needs of businesses that require modern infrastructure in order to expand their productive capacities.

A May 1997 study of EDA funded public works projects performed by a research team led by Rutgers University and including the New Jersey Institute of Technology, Princeton University, Columbia University, the National Association of Regional Councils and the University of Cincinnati identified tangible outcomes that are measured by job creation and private sector investments. Some findings included:

- every \$1 million of EDA funding created or retained 327 jobs (at a cost of \$3,058 per job);
- the number of jobs doubled in the six years after project completion;
- every \$1 million of EDA funding leveraged \$10.08 million in private sector investment;
- every \$1 million of EDA funding increased the local tax base by \$10.13 million;
- ninety-nine percent (99%) of the projects were completed as planned;
- ninety-one percent (91%) of the projects were completed on time; and,
- fifty-two percent (52%) of the projects were completed under budget.

The **Economic Adjustment Program** targets a flexible portfolio of grant assistance to communities facing the most severe of economic crises, a major change in the area's structural economic base. Even with an overall healthy economy in the United States today, such radical economic change at the local level is surprisingly common and is caused by both long-term trends and sudden economic events. These devastating economic impacts may be more readily recognized by other labels such as defense downsizing, post disaster long-term economic recovery, the Pacific Northwest Timber Initiative, the Northeast Fisheries economic crises or the Appalachian region coal industry decline. In other communities, the closure or threatened closure of a principal industry or company, such as the Hathaway Shirt Company in Waterville, Maine, which was threatened with closure due to severe trade competition, is the triggering event. In such cases, the basic economic survival of the local community is frequently seriously threatened.

The only federal level assistance for many of these communities has been EDA's Economic Adjustment Program. Using this program, communities are empowered at the grass-roots level, through strategy grants, to rethink their economic future and develop action plans to stabilize their local economies and to grow in new and sustainable directions. Once the community strategy is in place, EDA also provides assistance to implement critical portions of the local action plans with revolving loan funds, technical assistance for business transitions and local capacity building, and essential infrastructure to restructure the economy. In essence, EDA's Economic Adjustment Program provides the tools necessary to achieve long-term sustainable economies in communities hit by natural disasters or otherwise adversely impacted by over dependence on traditional, non-diversified - and now collapsed economic sectors.

Locally Managed Enterprise Funds - Traditionally, EDA has provided grants to state and local governments, regional and local development organizations and non-profits to create and manage RLFs. These funds aim to attract business growth and/or retain firms in distressed communities, defense impacted areas or localities receiving natural disaster declarations. The loans are typically for business start-up, expansion, and retention and support manufacturing, service and commercial activities.

Business Assistance Revolving Loan Funds - The typical business assistance RLF is the original RLF developed and used by EDA grantees for over twenty years. Capitalized with an EDA grant, these RLFs are used to respond to Sudden and Severe Economic Dislocation events (SSED) and Long Term Economic Deterioration of local economies (LTED). The business assistance RLFs are generally targeted by the community to small and medium-size businesses that may be new start-up companies and existing companies that are expanding. Loans are customarily used for fixed asset or working capital needs but may also be used to target micro-lending opportunities that may be part of an area's economic adjustment strategy.

The **Defense Adjustment Program** managed in close coordination with the Department of Defense Office of Economic Adjustment (OEA), helps communities impacted by closing military bases and/or reduced defense procurement to rebuild and diversify their economies away from defense dependency. In the process, communities move toward economic sustainability and, in many cases, greater prosperity is generated under the new economy than that provided by the previous defense-centered economy.

Where military bases are closed, the most significant opportunity for economic recovery generally involves installation reuse for civilian purposes. EDA provides flexible discretionary funding to communities to implement base reuse plans. Most plans are heavily reliant on redevelopment of former military infrastructure systems to support new uses. Industry adjustment projects are critical to restructuring individual economies to retain or attract businesses and stem the severe job losses associated with downsizing defense dependent companies. Technical assistance, development of manufacturing and industrial clusters, technology transfer and international trade promotion through civilian-oriented business networks is promising near-term results in achieving stability and new-sustainability for threatened businesses.

Native American Emphasis - EDA has had a long history in support of economic development assistance to **Indian tribes**, the most economically disadvantaged group in the Nation, providing almost three-quarters of a billion dollars in assistance from 1965 to May, 1998. Almost 80% of the funds were used for construction of new public facilities, infrastructure, and commercial/industrial/tourism development. About 13% of the funds have been used for capacity-building. However, the most striking statistic is that 80% of EDA's investment in Indian economic development (about \$590 million) was made between 1966 and 1981 when EDA had a dedicated Indian Program in place and only 20% (about \$143 million) has been invested between 1982 to 1998 (May, 1998), or approximately \$9 million per year for the last 16 years compared to almost \$37 million per year for the first 16 years. When evaluated in constant dollars the difference is even more dramatic. EDA recognizes the continuing high level of distress and the lack of community facilities on Native American reservations and Alaskan Native communities. It is critically apparent that EDA will need to build its Indian economic development policy on sound principles and on a solid foundation, specifically on sustainable economic development. EDA is conducting two research projects in FY 1999 to study the Native American economic development policy and the infrastructure needs of the Native American communities. It is the intent of EDA to integrate the findings of this study to refine EDA's future approach to Indian economic development.

Through the EDA planning program, the agency works with tribal organizations to create institutional capacity needed to address the multitude of economic issues faced by their communities. This is the first step in creating viable economies, but must also be supported by federal investments in the local implementation efforts. To support these efforts, EDA will place special attention upon proposals that are directly related to **sustainable** economic development, job creation and income generation for tribal members [tribally-owned and operated businesses which utilize local resources and serve internal needs or supply outside markets, enhance tourism related activities, etc.]. Community development projects that provide essential services or improve living conditions, such as community centers and health clinics, shall also be considered, though they will be given lower priority and will be considered only when it can be demonstrated that such facilities are critically needed and no other source of financing is readily available.

COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT
EDA Program Performance Projections
PLANNING

Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1998 Outcomes Projected	FY 1999 Outcomes Projected	FY 2000 Outcomes Projected
I-B To build local capacity for economic development planning in distressed communities.	I-B-1 -- To identify problems, assess resources and formulate strategies	Title III: 301B Economic Development District grants; 302A State or Urban Planning grants.**	Grantee self-evaluation: 1 to 10 (10=best)	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development
II-A To use technology as an economic development tool	II-A-1 -- To plan for technology-related economic development	FY 1998: \$32,670,000 FY 1999 \$32,700,000	P Quality of Overall Economic Development Plan or State/Urban Plan	8.2	8.2	8.2
III-B To achieve long-term economic recovery from natural disasters.	III-B-1 -- To improve the capacity of communities to recover	FY 2000 \$40,671,000	P Extent of community participation	8.5	8.5	8.5
III-C To enable communities to practice sustainable development.	III-C-1 -- To integrate economic development with resource conservation and comm. quality of life		P Extent implementation projects are based on OEDP or State/Urban Planning	7.8	7.8	7.8

**The FY 1998, 1999 and 2000 projections above are based on the results of a recent study of the Defense Adjustment Program conducted by Rutgers University, which included performance results of recently-completed defense strategy development (planning) grants.

**COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT
EDA Program Performance Projections
TECHNICAL ASSISTANCE**

Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1998 Outcomes Projected	FY 1999 Outcomes Projected	FY 2000 Outcomes Projected
I-B To build local capacity for economic development planning in distressed communities	I-B-1 -- To identify problems, organize resources, formulate strategies, and provide technical assistance to distressed communities.	**Title III Local Technical Assistance grants Technical Assistance projects	Grantee self-evaluation: 1 to 10 (10=best)	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development
II-A To use technology as an economic development tool	II-A-1 -- To plan for technology-related economic development	FY 1998 \$17,585,000 FY 1999 \$17,524,000	P Quality of Local Technical Assistance evaluation or feasibility study	9.1	9.1	9.1
III-A To transition military installations and/or defense industry economies to non-defense	III-A-1 -- To plan for defense conversion	FY 2000 \$21,165,000	P Impact of feasibility study on project planning	8.7	8.7	8.7
III-C To enable communities to practice sustainable development.	III-C-1 -- To integrate economic development with resource conservation and comm. quality of life					

**The FY 1998, 1999 and 2000 projections above are based on the results of a recent study of the Defense Adjustment Program conducted by Rutgers University, which included performance results of recently-completed local technical assistance grants.

COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT
Program Performance Projections
PUBLIC WORKS

Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1998 Outcomes For FY 2007	FY 1999 Outcomes For FY 2008	FY 2000 Outcomes Proj. for FY 2009
I-A To stimulate the creation of private sector jobs	I-A-1-- To construct or expand industrial or commercial facilities	Title I and Title IX Construction grants	P Private sector jobs created and/or retained	57,300 jobs	70,211 jobs	63,742 jobs
II-A To use technology as an economic development tool	II-A-2 -- To build technology-related infrastructure	Performance outcomes are fully realized 6 to 10 years after project completion (3 to 5 years after approval).	P Private dollars invested in EDA project	\$1.8 billion direct investment	\$2.0 billion direct investment	\$1.9 billion
III-B To achieve long-term economic recovery from natural disasters.	III-B-1 -- To improve the infrastructure capacity of communities to recover from natural disasters		P Additional dollars (federal, state, local) invested in EDA project	\$188 million	\$205.5 million	\$189.1 million
III-C To enable communities to implement sustainable development programs.	III-C-1 -- To integrate economic development with resource conservation and improved quality of life programs.		FY 1998 \$268,822,000 FY 1999 \$293,590,000	P Additional dollars invested (non-federal, local and private), directly related to, but not part of EDA project	\$222 million direct, non-project related investment	\$242 million direct, non-project related investment
	III-C-2 -- To redevelop Brownfields	FY 2000 \$270,158,000	P Other dollars invested, indirectly related to EDA project	\$23.5 million indirect investment	\$25.9 million indirect investment	\$23.8 million
	III-C-3 -- To develop eco-industrial parks		P Improved capacity for growth	Non-quantifiable benefits, described by grantees	Non-quantifiable benefits, described by grantees	Non-quantifiable benefits, described by grantees
			P Increase in local tax base	\$1.9 billion	\$2.0 billion	\$1.9 billion

COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT EDA Program Performance Projections CAPITAL ACCESS*						
Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1998 (Outcomes Projected for FY 2007)	FY 1999 (Outcomes Projected for FY 2008)	FY 2000 (Outcomes Projected for FY 2009)
I-A To stimulate the creation of private sector jobs	I-A-2 -- To establish revolving loan funds (RLFs)	Title IX Revolving Loan Fund grants.**	P Jobs created and/or retained	2,064 jobs	2,076 jobs	3,011 jobs
II-A To use technology as an economic development tool	II-A-3 -- To establish technology-related RLFs	Performance outcomes are fully realized 6 to 10 years after project completion (3 to 5 years after approval).	P Number of businesses assisted (loans) per completed RLF grant	18	18	18
III-A To convert military installations to civilian functions	III-A-3 -- To establish defense-related RLFs		P Private dollars invested	\$17 million	\$17.6 million	\$25.4 million
III-B To achieve long-term economic recovery from natural disasters.	III-B-2 -- To improve the capacity of communities to recover		P Other dollars invested	\$2 million	\$2.3 million	\$3.4 million
III-C To enable communities to practice sustainable development.	III-C-1 -- To integrate economic development with resource conservation and comm. quality of life		P RLF capital base (grant + local share + net income - write-offs) of the completed projects	\$10.5 million	\$10.9 million	\$16.1 million

* For FY 2000, includes Revolving Loan Funds.

** In the absence of a recent evaluation of the regular RLF program, the FY 1999 and 2000 projections are based on the results of a recent study of the Defense Adjustment Program conducted by Rutgers University, which included performance results of recently completed defense RLFs.

***Does not include non-appropriated funds of \$2,000,000.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
INCREASE/DECREASE FOR 2000
(Dollar amounts in thousands)**

ACTIVITY: COMMUNITY AND REGIONAL ECONOMIC ENHANCEMENT		2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount
Community and Regional Economic Enhancement	BA	\$353,899	\$346,899	(\$7,000)
	Obl.			

Proposed FY 2000 Program Change

Planning Programs (\$5.671 million increase) - In FY 2000, additional Planning resources for these initiatives will be used to increase support of the nationwide network of EDDs and tribal planning organizations by selectively increasing funding to regional organizations serving areas of high economic distress or establishing new organizations in distressed areas of the country currently not receiving local economic development assistance. Presently EDA-funded District and Indian planning grantees encompass more than two-thirds of the U.S. geographic area and include more than 50 percent of the population. This number remained constant during the last 15 years due to lack of availability of funding resources. Some of the organizations representing multi-county areas or Indian Tribes that have been organized, operational, designated by EDA, and awaiting funding, will be invited to apply for EDA planning funds.

EDA will encourage partnerships among EDD's, Indian Tribes, University Centers, Trade Adjustment Assistance Centers, states and urban areas to collaborate with each other in the planning, coordination and implementation of economic development. EDA will provide increased assistance to promote state involvement, coordination and support of the sub state regions' OEDPs.

University Center and Local Technical Assistance Program (\$2.001 million increase) - EDA recognizes the important contributions that its Local Technical Assistance grants have made in filling some of the knowledge gaps that inhibit local economic development efforts. However, EDA believes that additional technical assistance resources in FY 2000 would best be used by expanding and strengthening the University Center program.

EDA proposes to establish a minimum of five to seven new University Centers in FY 2000. While all proposals for these new University Centers will be fully evaluated, EDA will give special consideration to proposals from states which do not currently have a University Center. The remaining increase in University Center funds will be allocated to EDA's regional offices. The regional offices will have the flexibility to use those increased funds for starting additional University Centers in states that serve large populations or geographic areas or for raising the funding level of selected University Centers which closely work with EDDs in carrying out their OEDPs, systematically target their technical assistance efforts to communities with higher levels, or propose carrying out special one-time projects that require additional funding.

Economic Adjustment (\$20 million increase) - This increase will provide funding to help distressed communities recover from sudden and/or severe economic downturns such as those caused by increased foreign imports, international trade agreements, industry downsizings, plant closings and natural disasters. Included in the increase is \$5 million to assist the Northeast region with economic diversification and financial restructuring necessitated by Federal restrictions imposed on the fisheries industry. EDA will provide

assistance to adversely impacted fishermen and communities in the Northeast in the form of planning and technical assistance grants, grants to revolving loan funds and public works construction grants. EDA assistance is critical at this time given that the new restrictions, which are needed to help restore the fisheries, will primarily impact small, family-operated fishing vessels and businesses which cannot easily convert to other forms of vessel use or commercial operations. Therefore, EDA stands ready to assist workers and communities in the Northeast with economic diversification and financial restructuring assistance.

Defense Economic Adjustment (\$20.0 million decrease) A decrease of \$20.0 million is proposed for the Defense Economic Adjustment program in FY 2000. EDA will continue to deliver economic development assistance to the most distressed communities. In 1988, 1991, 1993 and 1995, the Base Realignment/Closure Commission announced the closure or realignment of 114 major bases across the country. Eighty eight of those bases have closed as of September, 1998. The remaining bases are scheduled to close by 2001. As of September 30, 1998, EDA provided defense adjustment assistance to 92 of the affected bases through 253 grants. EDA expects the Defense Adjustment program funding requirements to decline over time as the remaining bases are closed. However, defense adjustment appropriations need to be continued into the foreseeable future to meet the demands of military facilities which, pursuant to the past BRAC actions, will be closing over the next three years. EDA's base closure - defense adjustment funding experience has shown that communities require critical assistance over the period of approximately three years prior to the official closing date to three years after the official closing date. A Rutgers University-led evaluation of EDA Defense Adjustment projects funded thru September 30, 1995 found both a high degree of early success with the projects in terms of job creation and private sector investment, and verified the critical need for such funding in base closure situations.

Public Works (\$14.672 million decrease) - In FY 2000, EDA proposes to reduce the Public Works Program by \$14.672 million. The Public Works Program will remain the mainstay of EDA's traditional programs for assisting economically distressed areas with the financing of their public works and economic development infrastructure needs. As the Agency's largest funded program, infrastructure investment will remain the critical enabler of private sector investment in distressed communities across our Nation. Resources will continue to be targeted to strategic long-term investments that are required to support economic development in the most distressed communities. EDA plans to leverage public and private investments to continue its current impact on economic development.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: COMMUNITY ECONOMIC ADJUSTMENT		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Community Economic Adjustment	BA	\$9,500	\$9,500	\$9,500	\$12,000	\$2,500
	Obl.	9,500				

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Community Economic Adjustment

Base Program

The EDA **Trade Adjustment Assistance** (TAA) Program, established under the Trade Act of 1974, was created to help U.S. firms and industries injured as a result of international trade competition. The TAA Program has received increased attention with each new round of trade agreements, which have lowered trade barriers and increased foreign competition of U.S. manufacturers. The TAA Program does not restrict trade through tariffs, quotas or duties; rather it supports free trade by helping trade injured firms and industries develop and implement recovery strategies.

The TAA Program has a number of strong attributes as a tool for strengthening U.S. fair trade and competitiveness efforts, including:

- supporting the NAFTA and GATT/WTO agreements by providing a vehicle to assist the restructuring of firms and industries injured by changing trade patterns evolving from these agreements;
- providing a nationwide network of twelve Trade Adjustment Assistance Centers (TAACs) that offer low-cost, effective professional assistance to trade-injured firms in assessing their situation and developing and implementing a strategy to regain the ability to meet international competition. The TAACs function as turnaround consultants for those companies that pay the price for the benefits the country as a whole derives from the opening of markets both here and abroad; and,
- allowing industries injured by increased imports the opportunity to join in a cost-effective cooperative effort to address major issues of concern to their member companies.

EDA's TAA program is currently being evaluated by the Urban Institute. The preliminary results indicate that most firms receiving assistance under the program reverse their economic and business position. Two thirds of the firms increased employment and two-thirds of the firms (not necessarily the same firms) increased sales. For all firms and over a seven-year period, sales increased 40 percent and employment increased by 22 percent.

Currently, TAA is only authorized through June 30, 1999. During the 106th Congress, the Administration will propose legislation to reauthorize the TAA program using existing legislation with some minor modifications. Specifically, EDA would like to 1) eliminate the requirement that it publish an announcement in the Federal Register listing firms that are seeking certification of eligibility under the program; and 2) eliminate the requirement that losses in sales or production and employment be due to "increased" imports rather than simply due to imports.

EDA's new legislation requires that each Economic Development District (EDD) and each University Center (UC) must be evaluated at least once every three years. In addition, the evaluation team for each EDD and UC must include a peer from another EDD and UC, respectively. EDA may suggest that a mandated evaluation schedule for TAACs, with peer participation, be included in the reauthorization proposal.

EDA believes the TAA program should be reauthorized for a multi-year period. An extension through September 30, 2003, which would coincide with EDA's own legislation, seems appropriate. In addition, EDA will seek funds for this program as no year appropriations. The implementation of technical assistance needed by trade-injured firms typically requires a two to three year period for completion. The restrictions placed on single year appropriations is burdensome to EDA, the TAACs, the trade injured firms, and the consultants assisting the trade injured firms.

**COMMUNITY ECONOMIC ADJUSTMENT
EDA Program Performance Projections
TECHNICAL ASSISTANCE**

Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1998, FY 1999 & FY 2000 (Projected Outcomes)	FY 1998, FY 1999 & FY 2000 (Projected Outputs)
I-C -- To provide technical assistance to solve problems and mobilize resources at the local level	I-C-3 -- To help firms and industries injured by import competition through diagnostic and implementation assistance, including the adoption of appropriate technology	Trade Adjustment Assistance grants.	P % of company adjustment proposals (business plans) approved and accepted	90%	
		Results will be achieved for FY 1998 in 1999-2001, and for FY 1999 in 2000-2002.			
		FY 1998 \$9,500,000 FY 1999 \$9,500,000 FY 2000 \$12,000,000	P Sales and employment (jobs created/retained) for period FY 1992 - FY 1998 for all firms completing the program	<u>SALES</u> 20% incr <u>JOBS</u> 10% incr	
		Outputs measured: P % of certification decisions made within statutory deadline			100%

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
INCREASE FOR 2000
(Dollar amounts in thousands)

ACTIVITY: COMMUNITY ECONOMIC ADJUSTMENT		2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount
Community Economic Adjustment	BA	\$9,500	\$12,000	\$2,500
	Obl.			

Proposed FY 2000 Program Change

Local economies are no longer isolated from international influences. In some cases, domestic firms have been able to use trade opening agreements, such as the General Agreement on Tariffs and Trade (GATT), those of the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA), to their advantage and increase sales through exports. Other firms, however, have lost sales to foreign firms as a result of those same agreements, or from the natural results of changing trade patterns. Also, recent overseas monetary crises have shown that offshore financial events can seriously affect foreign buying power, precipitating additional unwelcome changes in trading patterns. While the additional loss of exports does not result directly from negotiated changes in international trade policy, the effect on American business is just as harmful.

For FY 2000, EDA requests a \$2.5 million increase for its Community Economic Adjustment program. In recent years TAA Center staffing levels have been downsized to lower administrative costs, the cost-share required of companies participating in the program has been increased, the total amount of federally funded assistance an individual firm can receive has been reduced, the industry assistance program has been eliminated, and TAA Centers have occasionally been funded for less than a full year. Currently 293 manufacturers are awaiting over \$8 million in technical assistance.

The majority of the requested \$2.5 million increase will be used to provide direct technical assistance to trade-impacted firms. However, EDA may consider using a small portion of that increase to provide funds to TAA Centers for the staffing level of the local non-federal employees who provide direct service to eligible firms/clients. The increase supports the Administration's goal to expand economic opportunities by providing quality services to trade-impacted customers. Without the requested increase, the existing 12 TAA Centers will not be able to assist a large number of U.S. manufacturers that are failing because of import competition.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: DISASTER MITIGATION AND ECONOMIC RECOVERY		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
Disaster Mitigation and Economic Recovery	BA	\$0	\$3,379	\$3,379	\$3,379	\$0
	Obl.	0	0	0	0	0

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Disaster Mitigation and Economic Recovery

Base Program

The **Disaster Mitigation and Economic Recovery** program focuses specifically on providing assistance to those communities adversely affected by major catastrophic disasters. When EDA assistance is provided for this purpose virtually all of the agency's program tools may be packaged into a single grant, including components for planning and strategy development, feasibility studies, technical assistance, revolving loan assistance, training (not duplicating the Departments of Labor or Education programs) and construction or rehabilitation of community facilities, roads, sewers and other essential support infrastructure facilities, and business incubators or skill training facilities.

The natural disaster recovery assistance funding provides a base which allows EDA to effectively respond to disaster-impacted communities immediately after the disaster. In large disasters, the Disaster Recovery Fund will allow EDA to provide the planning and business recovery assistance critically needed prior to passage/availability of any additional emergency supplemental appropriations. In instances of disaster impacts of a more limited scale, e.g., the Rhode Island Oil Spill of 1995, the Disaster Recovery fund may provide sufficient resources for the agency's total response and obviate the need to request supplemental funding.

A portion of the funding will be used for pre-disaster mitigation planning and/or joint training with FEMA, and possible funding, amount yet to be determined, reserved for pre-supplemental post-disaster recovery.

DISASTER MITIGATION AND ECONOMIC RECOVERY EDA Program Performance Projections PLANNING*				
Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1999 & FY 2000 Outcomes Projected
I-B To help communities plan for disaster mitigation and economic recovery	I-B-1 -- To identify problems, assess resources and formulate strategies	Title III: 301B Economic Development District grants; 302A State or Urban Planning grants.** FY 1999 \$3,379,000 FY 2000 \$3,379,000	Grantee self-evaluation: 1 to 10 (10=best)	The value of strategy grants and feasibility studies is not easily quantified; new measures are under development
III-B To achieve long-term economic recovery from natural disasters.	III-B-1 -- To improve the capacity of communities to recover from natural disasters		P Quality of Overall Economic Development Plan or State/Urban Plan	8.2
III-C To enable communities to practice sustainable development. .	III-C-1 -- To integrate economic development with resource conservation and comm. quality of life		P Extent of community participation	8.5
		P Extent implementation projects are based on OEDP or State/Urban Planning	7.8	

*This program will be implemented in FY 1999 which is why there are no projections for FY 1998.

**The FY 2000 projections above are based on the results of a recent study of the Defense Adjustment Program conducted by Rutgers University, which included performance results of recently-completed defense strategy development (planning) grants.

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: NATIONAL PROGRAM ANALYSIS AND INFORMATION CONSOLIDATION		1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount	Amount	Amount
National Program Analysis and Information Consolidation	BA	\$1,601	\$1,601	\$1,601	\$2,101	\$500
	Obl.	1,601	0	0	0	0

NOTE: This activity includes \$1.101 million from the Technical Assistance program which is used for National Technical Assistance as well as the \$.5 million appropriated for Research and Evaluation.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: National Program Analysis & Information Consolidation

Base Program

The **National Technical Assistance and Research and Evaluation program** provides resources to intermediary organizations that provide technical assistance to local, district and state economic development organizations and for national demonstrations of innovative economic development techniques.

Under the **Research & Evaluation** program, EDA will continue efforts begun in FY 1996 and FY 1997 to systematically measure and evaluate the impact and outcomes of EDA's programs. It will also identify new challenges, opportunities, and trends in economic development, and provide research that will ensure that new economic development initiatives are well informed, and their outcomes evaluated.

Under the **National Technical Assistance** program, EDA will continue and enhance a national learning partnership with intermediary organizations that will develop a comprehensive base of information about emerging economic development issues and disseminate that information at the regional and local levels. These ongoing partnerships are an important link in providing economic development practitioners with cutting-edge information. They will also provide a unique vehicle for dissemination of information about new agency initiatives, particularly as they get underway.

NATIONAL PROGRAM ANALYSIS AND INFORMATION CONSOLIDATION
EDA Program Performance Projections
TECHNICAL ASSISTANCE

Goal (abbreviated)	Objectives (abbreviated)	Outputs	Outcomes	FY 1998 Outcomes Projected	FY 1999 Outcomes Projected	FY 2000 Outcomes Projected
I-C To provide new knowledge to help solve economic development problems	I-C-1 -- To research emerging economic development problems & evaluate programs	Research grants FY 1998 \$500,000	Process and focus of Research and National Technical Assistance program was changed dramatically in FY 1997. It is too early to measure the results of the revamped program except: P Results disseminated at national conferences P Results published in publications of national scope	Results will have been disseminated at national conferences; results will have been published in publications of national scope.	Results will have been disseminated at national conferences; results will have been published in publications of national scope.	Results will have been disseminated at national conferences; results will have been published in publications of national scope.
II-A To use technology as an economic development tool	II-A-4 -- To research technology-related issues & evaluate programs	FY 1999 \$500,000				
III-A To convert military installations to civilian functions	III-A-3 -- To research defense-related issues & evaluate programs	FY 2000 \$500,000 National Technical Assistance grants				
III-B To achieve long-term economic recovery from natural disasters	III-B-2 -- To research disaster-related issues & evaluate programs	FY 1998 \$1,101,000				
III-C To enable communities to practice sustainable development	III-C-1 -- To research sustainable development and Brownfields, eco-industrial parks issues & evaluate programs	FY 1999 \$1,101,000 FY 2000 \$1,601,000				

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
INCREASE FOR 2000
(Dollar amounts in thousands)

ACTIVITY: NATIONAL PROGRAM ANALYSIS AND INFORMATION CONSOLIDATION		2000 Base	2000 Estimate	Increase/ (Decrease)
		Amount	Amount	Amount
National Program Analysis and Information Consolidation	BA	\$1,601	\$2,101	\$500
	Obl.			

Proposed FY 2000 Program Change

According to the November 1996 National Academy of Public Administration study of economic development, a fundamental federal role is that of helping states and local communities learn about successful economic development practices and about what does not work. Through a coordinated, comprehensive state-of-the-art information gathering and distribution process, the EDA National Programs Analysis and Information Consolidation effort will act as the agency's conduit and repository for best practices data for economic development. The NAPA study also recommended that the federal government earmark funding for research that can inform the design of local economic development efforts, systematically evaluate local economic development practices, help design and finance pilot projects that demonstrate the feasibility of new and innovative ideas and practices, and help document and disseminate information about the results.

During FY 2000, EDA will target Research and National Technical Assistance funds in support of EDA's Community Partnerships for a New Millennium in the following ways:

- Cutting-edge research
 - *How distressed communities can benefit from advances in telecommunications technology.*
 - *Rural/isolated cluster-based economic development:* Mapping and assessing economic development clusters to which rural or isolated areas can link.
 - *Distance learning and back-office capacity.*
- Evaluations to provide practical, up-to-date information on the effectiveness of tools for economic competitiveness
 - *Evaluation of state-supported science and technology programs* to assess and document innovation and best practices in the various components of state S&T programs.
 - *Evaluation of community impacts of trade.*

- *Evaluation of state international trade programs.*
- *Evaluation of economic development outcomes and impacts of the Revolving Loan Fund Program.*
- *Evaluation of best practices in disaster mitigation.*
- *Evaluation of EDA's historical investments in regional and local technology-based economic development* to identify policy directions and strategies for EDA investments in the 21st Century and to identify the tools, mechanisms and approaches the various levels of government can adopt to build industry and university linkages to commercialization in distressed areas.
- Forward-thinking and risk-taking pilots, prototypes and demonstrations
 - The FY 1999 *Evaluation of technology transfer and commercialization efforts* will, among other things, develop models for the development and implementation of technology transfer and commercialization projects in distressed areas.
- Dissemination of information to institutions, communities and entities engaged in enhancing America's economic competitiveness
 - EDA supports the publication of informative and highly-read *Newsletters* that focus on issues relevant to economic development. EDA will continue to fund this reliable network for information dissemination, but will also expand the network to include support.
 - *Conferences*
 - EDA will begin packaging the learning on assessments and best practices in science and technology into practical *tool kits and training systems for economic development practitioners on the design, implementation and evaluation of technology-based economic development*. This effort should produce opportunities for learning in traditional and electronic media.
 - EDA proposes to *convene panels of experts* to help governors and mayors develop strategies and tools for regional and local technology based economic development.

The research, evaluation and informational activities provided by Research and National Technical Assistance will help improve the performance of EDA's nationwide network of local economic development institutions. These activities will focus on diversifying and expanding the DOC relationship with organizations at the national, state and local level such as the National Association of Black Mayors, Native American organizations, Hispanic organizations and the Joint Center for Sustainable Communities (U.C. Conference of Mayors and the National Association of Counties).

Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

	OBJECT CLASS	1998 Actual	1999 Currently Available	2000 BASE	2000 ESTIMATE	INCREASE/ (DECREASE)
11	Personnel Compensation					
11.1	Full-time permanent					
11.3	Other than full-time permanent					
11.5	Other personnel compensation					
11.9	Total personnel compensation					
12.1	Civilian personnel benefits					
13.0	Benefits for former personnel					
21.0	Travel and transportation of persons					
22.0	Transportation of things					
23.1	Rental payments to GSA					
23.2	Rental payments to others					
23.3	Communications, utilities and miscellaneous charges					
24.0	Printing and reproduction					
25.0	Other services					
26.0	Supplies and materials					
31.0	Equipment					
41.0	Grants	\$390,577	\$404,348	\$368,379	\$364,379	(\$4,000)
99.0	Subtotal Direct Obligations	390,577	404,348	368,379	364,379	(4,000)
99.0	Reimbursable Obligations	12,250	600			0
99.9	TOTAL OBLIGATIONS	402,827	404,948	368,379	364,379	(4,000)

**Department of Commerce
Economic Development Administration
APPROPRIATION SUMMARY STATEMENT**

Appropriation: Economic Development Assistance Programs

EDA provides a broad range of economic development investments in a variety of geographical areas. Criteria for eligibility relate to such general indicators of distress as substantial and persistent unemployment levels, low incomes, and slow job growth. A number of additional, more specialized criteria may also qualify an area for assistance. EDA's Technical Assistance and Research projects are not limited to designated areas. Eligibility for Economic Adjustment assistance is based on a determination by the Secretary that a special need for adjustment assistance exists. This need can result from sudden and severe economic dislocation, such as base closures or natural disaster, or from a long-term loss of economic activity.

The basic purpose of EDA programs is to stimulate employment and increase incomes in subnational areas that are characterized by underutilized resources which, if put to productive use, can contribute to greater national productivity and balanced national economic growth. The structural economic problems of various geographic areas, though having distinct characteristics, are interrelated. Thus an effective Federal economic development program must transcend the conventional conceptions of urban and rural development by addressing all geographic areas within a framework of national priorities and resources.

The authorizing legislation provides for a broad range of specific program tools which the Agency can utilize individually or in combination to meet the specific needs of individual distressed communities. EDA provides public works and development facilities grants in particular areas to leverage investments that will create new, permanent jobs in distressed areas. EDA also provides grants for economic development planning purposes and technical assistance, and supports a range of evaluation and research activities aimed at increasing public understanding of the processes of economic growth and development.

1. Public Works and Development Facilities investments are for the construction or expansion of community infrastructure and development facilities conducive to the location of industrial and commercial enterprises and the creation of additional long-term employment opportunities. Typical projects include water and sewer systems which support economic growth, industrial parks, access roads, incubator facilities, expansion of harbor and airport facilities, and skill training facilities.

In addition to the Public Works program objective of stimulating long-term economic development, EDA also conducts a Public Works Impact Program (PWIP). The primary objective of PWIP grants is to provide immediate short-term construction employment for unemployed and underemployed persons in particularly economically-distressed areas, projects are labor intensive, employ the local unemployed residents and are completed within one year.

2. Planning investments encourage and support local development organizations by providing funding for professional planning staff and related services. The planning grants programs include administrative support for Districts and individual distressed areas, including Indian Reservations, and economic development planning assistance to states and cities.
3. Technical Assistance grants provide technical information and expertise to help assure the success of economic development investments; support innovative demonstration projects; support institutions that directly/indirectly provide information and expertise to local and regional economic development groups and organizations; and support feasibility studies and other site-related projects.
4. Research, Evaluation, and Demonstration grants provide information useful to Regional, State and local practitioners in the economic development field. Through the use of EDA staff or outside contractors, EDA periodically evaluates the impacts of its various programs as a means of identifying policy and program modifications that will increase the Agency's effectiveness.

5. Trade Adjustment Assistance Program investments in the Trade Adjustment Assistance Centers (TAACs) help small to medium U.S. manufacturing firms injured by increased imports of competitive products.
6. Economic Adjustment Assistance investments help areas resolve problems related to actual or threatened sudden and severe disruption of a local economy. Under this program, States, cities, counties, Indian tribes and other combinations of areas can receive grant assistance to assess the dislocation and to develop and implement economic adjustment plans. Economic Adjustment funds can be used for construction of public facilities, public services, business development assistance, planning, technical assistance and revolving loan funds.
7. Defense Economic Adjustment specifically assists communities impacted by planned Department of Defense base closures and procurement reductions as well as Department of Energy defense facility reductions through projects funded under all EDA authorities.

In FY 2000, EDA will continue to concentrate its resources in areas characterized by high unemployment, low growth rate, loss of jobs, out migration, defense conversion, and long-term economic deterioration. EDA will concentrate on projects which are expected to lead to substantial private investment and permanent employment opportunities, especially for residents of the target areas.

**Department of Commerce
Economic Development Administration
Economic Development Assistance Programs
APPROPRIATION LANGUAGE AND CODE CITATIONS**

For grants for economic development assistance as provided by the Public Works and Economic Development Act of 1965, as amended, the Public Law 91-304, and such laws that were in effect immediately before September 30, 1982, \$368,379,000: Provided, That none of the funds appropriated or otherwise made available under this heading may be used directly or indirectly for attorneys' or consultants' fees in connection with securing grants and contracts made by the Economic Development Administration: Provided further, That notwithstanding any other provision of law, the Secretary of Commerce may provide financial assistance for projects to be located on military installations closed or scheduled for closure or realignment to grantees eligible for assistance under the Public Works and Economic Development Act, as amended, without it being required that the grantee have title or ability to obtain a lease for the property, for the useful life of the project when in the opinion of the Secretary of Commerce, such financial assistance is necessary for the economic development of the area: Provided further, That the Secretary may, as the Secretary considers appropriate, consult with the Secretary of Defense regarding the title to land on military installations closed or scheduled for closure or realignment.

19 U.S.C. 2343

19 U.S.C. 2343 - Technical Assistance - (a) The Secretary may provide a firm, on such terms and conditions as the Secretary determines to be appropriate, such technical assistance as in his judgment will carry out the purposes of this chapter with respect to the firm. The technical assistance furnished under this chapter may consist of one or more of the following: (1) assistance to a firm in preparing its petition for certification of eligibility under section 251 of this chapter, (2) assistance to a certified firm in developing a proposal for its economic adjustment, (3) assistance to a certified firm in the implementation of such a proposal. (b)(1) The Secretary shall furnish technical assistance under this chapter through existing agencies and through private individuals, firms, or institutions (including private consulting services), or by grants to intermediary organizations (including Trade Adjustment Assistance Centers). (2) In the case of assistance furnished through private individuals, firms, or institutions (including private consulting services), the Secretary may share the cost thereof (but not more than 75 percent of such cost for assistance described in paragraph (2) or (3) of subsection (a) may be borne by the United States). (3) The Secretary may make grants to intermediary organizations in order to defray up to 100 percent of administrative expenses incurred in providing such technical assistance to a firm.

19 U.S.C. 2355

19 U.S.C. 2355 - Assistance to Industries- The Secretary may provide technical assistance on such terms and conditions as the Secretary deems appropriate, for the establishment of industry-wide programs for new product development, new process development, export development or other uses consistent with the purposes of this chapter. Such technical assistance may be provided through existing agencies, private individuals, firms universities and institutions, and by grants, contracts, or cooperative agreements to associations, unions, or other nonprofit industry organizations in which a substantial number of firms or workers have been certified as eligible to apply for adjustment assistance under section 223 or 251. Expenditures for technical assistance under this section may be up to \$10,000,000 annually per industry and shall be made under such terms and conditions as the Secretary deems appropriate.

42 U.S.C. 3131

42 U.S.C. 3131 - The Secretary is authorized to make direct and supplementary grants for such public facilities as water and sewer systems, access roads to industrial parks or areas, port facilities, railroad sidings and spurs, public tourism facilities, vocational schools, flood control projects, and site improvements for industrial parks.

42 U.S.C. 3135

42 U.S.C. 3135 - Authorizes appropriations for public works and development facilities grants.

42 U.S.C. 3144

42 U.S.C. 3144 - The Secretary is authorized to make an interest free revolving loan to a redevelopment area which has a plan for the redevelopment of the area approved by the Secretary. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development, including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job-creating economic activity.

42 U.S.C. 3151

42 U.S.C. 3151 - Authorizes programs for technical assistance grants and contracts, planning grants under Section 301 of the Act, as well as research grants and contracts.

42 U.S.C. 3151(a)

42 U.S.C. 3151(a) - Also, it authorizes, under section 302 of the Act, a program of economic development planning grants to States and the other political subdivisions, including cities, redevelopment areas and economic development districts.

42 U.S.C. 3152

42 U.S.C. 3152 - Authorizes appropriations for technical assistance, research and information (planning grants).

42 U.S.C. 3153

42 U.S.C. 3153 - Authorizes the appropriations to be used to make grants to States for the purpose of supplementing or making grants or loans authorized under titles I, II, III, IV, and IX of the Act.

42 U.S.C. 3171

42 U.S.C. 3171 - The Secretary is authorized to designate economic development districts containing one or more redevelopment areas and one or more centers. This section makes centers in districts eligible for all assistance which is authorized by titles I and II of the Act. This section also provides bonus grants up to 10 percent of the project cost for projects in redevelopment areas.

42 U.S.C. 3241

42 U.S.C. 3241 - Provides special economic development adjustment assistance programs to help State and local areas meet special needs arising from actual or threatened severe unemployment arising from economic dislocation, including unemployment arising from actions of the Federal Government and from compliance with environmental requirements which remove economic activities from a locality..."

42 U.S.C. 3243

42 U.S.C. 3243 - Authorizes the use of grants under Title IX to any eligible recipient to be used for any of the following: public facilities, public services, business development, planning, unemployment compensation, rent supplement, mortgage payment assistance, research, technical assistance, training, relocation of individuals and businesses and other appropriate economic adjustment assistance.

42 U.S.C. 3245

42 U.S.C. 3245 - Authorizes appropriations for economic adjustment assistance.

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**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)**

<u>Page No.:</u>		<u>Positions</u>	<u>FTE</u>	<u>BUDGET AUTHORITY</u>	<u>DIRECT OBLIGATIONS</u>
	FY 1999 Appropriation	261	261	25,594	26,177
	Less: Obligations from prior year	0	0	0	(583)
EDA-54	Plus: 2000 Adjustments to base	0	0	<u>(657)</u>	<u>(657)</u>
	2000 Base Request	261	261	24,937	24,937
	Plus 2000 program changes	<u>4</u>	<u>3</u>	<u>4,034</u>	<u>4,034</u>
	2000 Estimate	265	264	28,971	28,971

COMPARISON BY ACTIVITY:			1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
			Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
EDA-60	Executive Direction	Pos./BA	10	\$1,067	10	\$865	10	\$903	10	\$903	0	\$0
		FTE/Obl.	10	729	10	865	10		10		0	0
EDA-62	Ofc. of Finance & Administration	Pos./BA	21	4,664	21	5,124	21	5,519	21	6,475	0	956
		FTE/Obl.	19	5,812	21	5,124	21		21		0	0
EDA-66	Ofc. of Program Operations	Pos./BA	36	2,984	36	3,122	36	3,252	36	3,252	0	0
		FTE/Obl.	33	2,471	36	3,221	36		36		0	0
EDA-68	Ofc. of Congressional Liaison & Program Research & Evaluation	Pos./BA	20	1,439	20	1,859	20	1,921	20	1,921	0	0
		FTE/Obl.	18	1,196	20	1,859	20		20		0	0
EDA-70	Regional Operations	Pos./BA	166	13,874	174	14,624	174	13,342	178	16,420	4	3,078
		FTE/Obl.	151	14,260	174	15,108	174		177		3	0
	Total	Pos./BA	253	24,028	261	25,594	261	24,937	265	28,971	4	4,034
		FTE/Obl.	231	24,468	261	26,177	261		264		3	0

**Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF RESOURCE REQUIREMENTS
(Dollar amounts in thousands)**

			1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
			FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
	Adjustment to obligations:											
	Recoveries											
	Unobligated balance, start of year			(3,580)		(3,083)		(2,500)		(2,500)		
	Unobligated balance transferred											
	Unobligated balance, end of year			3,083		2,500		2,500		2,500		
	Unobligated balance expiring			57								
	Transfer from other accounts (-)			(3,000)		(1,594)						
	Transfer to other accounts (+)											
	APPROPRIATION		253	21,028	261	24,000	261	24,937	265	28,971	4	4,034

Department of Commerce
 Economic Development Administration
 Salaries and Expenses
SUMMARY OF FINANCING
 (Dollar amounts in thousands)

	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
	Amount	Amount	Amount	Amount	Amount
Total Obligations	\$26,944	\$27,637	\$25,697	\$29,731	\$4,034
Financing:					0
Offsetting collections from:					0
Federal funds	(2,476)	(1,460)	(760)	(760)	0
Trust funds					0
Non-Federal sources					0
Recoveries					0
Unobligated balance, start-of-year	(3,580)	(3,083)	(2,500)	(2,500)	0
Unobligated balance transferred					0
Unobligated balance, end-of-year	3,083	2,500	2,500	2,500	0
Unobligated balance lapsing	57				0
Budget Authority	24,028	25,594	24,937	28,971	4,034
Transferred from other accounts	(3,000)	(1,594)			0
Appropriation	21,028	24,000	24,937	28,971	4,034

Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
ADJUSTMENTS:		
Non-recurring Y2k funds	(\$694)
Non-recurring emergency funds	(900)
Subtotal, Adjustments	(1,594)
OTHER CHANGES:		
Annualization of 1999 pay raise	159
2000 pay raise	507
Payment to the Working Capital Fund	31
Within Grade step increases	133
Civil Service Retirement System (CSRS)	(45)
Federal Employees Retirement System (FERS)	56
Thrift Savings Plan	11
Federal Insurance Contribution Act (FICA) - OASDI	33
Health Insurance	30
Employees' Compensation Fund	31
Travel and transportation of persons:		
Per diem	20
Rental payments to GSA	64
FTS2000	20
Postage	1
Printing and reproduction	4
Other Services:		
Working Capital Fund	105
Commerce Administrative Management Systems (CAMS)	(162)
National Archives and Records Administration (NARA)	34
General pricing level adjustment (Oth. services \$18k, Supplies \$2k & Equip. \$3k)	23
Subtotal, other changes	1,055
Less absorption of adjustments to base	(118)
Total, adjustments to base	(\$657)

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)**

	<u>FTE</u>	<u>Amount</u>
ADJUSTMENTS:		
Non-recurring Y2k funds	0	(\$694)
Funds of \$694,000 for Y2k will not be required in FY 2000.		
Non-recurring emergency funds	0	(900)
Emergency funds of \$900,000 will not be required in FY 2000.		
Subtotal, Adjustments	0	(1,594)

OTHER CHANGES:

<u>Pay raises</u>	0	\$697
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1999 Pay Raise:

A pay raise of 3.6 percent was assumed to be effective January 1999.

Total cost in 2000 of 1999 pay increase	\$569
Less amount funded in 1999	(410)
Less amount absorbed	<u>0</u>
Amount requested in 2000 of 1999 pay increase	159

2000 Pay Increase and Related Costs:

A general pay raise of 4.4 is assumed to be effective January 1, 2000.

Total cost in 2000 of pay increase	\$507
Less amount absorbed	<u>0</u>
Amount requested for 2000 pay increase	507
Payment to Working Capital Fund	<u>31</u>
Total, adjustment for 2000 pay increase	538

JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>Within-grade step increases</u>	0	\$133

An increase of \$132,736 is required to cover the cost of within-grade step increases. This estimate reflects the net cost of step increases which will be earned.

Estimated number of within-grade step increases	\$ 90
Step increases not earned due to turnover (90 x 7.2%)	6
Average step above step one per separation	4
Average cost per within-grade step increase	1,770
Gross cost of scheduled step increases (\$1,770 x 90)	159,300
Less savings due to separation (\$1,770 x 6 x 4)	<u>(42,480)</u>
Subtotal, personnel compensation	116,820
Benefits	<u>15,916</u>
Total, adjustment to base	132,736

<u>Civil Service Retirement System (CSRS)</u>	0	(45)
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The estimated percentage of payroll for employees covered by CSRS will decrease from 68.4% in 1999 to 64.5% in 2000 for regular employees. Contribution rates will remain 8.51% in 2000. This will result in an decrease of \$44,749 in the cost of CSRS contributions.

FY 2000 cost: \$13,483,000 x .645 x .0851	\$740,075
FY 1999 cost: \$13,483,000 x .684 x .0851	<u>784,824</u>
Total, adjustment to base	(44,749)

JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>Federal Employees Retirement System (FERS)</u>	0	\$56
The estimated percentage of payroll for employees covered by FERS will increase from 31.6% in 1999 to 35.5% in 2000 for regular employees. The contribution rate for regular employees will remain at 10.7% in 2000.		
FY 2000 cost: \$13,483,000 x .355 x .1070		\$512,152
FY 1999 cost: \$13,483,000 x .316 x .1070		<u>455,887</u>
Total, adjustment to base		56,265
 <u>Thrift Savings Plan (TSP)</u>	 0	 11
The cost of agency contributions to the Thrift Savings Plan will raise as FERS participation increases. The contribution rate is expected to remain at 2%.		
FY 2000 cost: \$13,483,000 x .355 x .02		\$ 95,729
FY 1999 cost: \$13,483,000 x .316 x .02		<u>85,213</u>
Total, adjustment to base		10,516
 <u>Federal Insurance Contribution Act (FICA)</u>	 0	 33
The percentage of payroll covered by FERS will increase. In addition, the maximum salary subject to OASDI tax will increase from \$70,725 in 1999 to \$73,275 in 2000 resulting in an increase in OASDI contributions. The OASDI rate will remain at 6.2% in 2000.		
Regular:		
FY 2000 cost: \$13,483,000 x .355 x .062 x .944		\$280,142
FY 1999 cost: \$13,483,000 x .316 x .062 x .935		<u>246,989</u>
Total, adjustment to base		33,153
Other Salaries:		
FY 2000 cost: \$10,000 x .355 x .062 x .944		208
FY 1999 cost: \$10,000 x .316 x .062 x .935		<u>183</u>
Total, adjustment to base		25

JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>Health insurance</u>	0	30
Effective January 1998, EDA's contributions to federal employees' health insurance premiums increase an average of 5.7%. Applied against the 1999 estimate of \$527,000 the increase required is \$30,039.		
<u>Employees' Compensation Fund</u>	0	31
The Employees' Compensation Fund for the year ending June 30, 1998 is \$31,000 higher than the bill for the year ending June 30, 1997. The charges will be reimbursed to the Department of Labor pursuant to 5 U.S.C. 8147.		
<u>Travel and transportation of persons</u>	0	20
<u>Per diem</u> : Effective January 1, 1998, the General Services Administration raised per diem rates. This results in a 2.5% increase to EDA. This percentage was applied to the 1999 estimate of \$813,000 resulting in an increase of \$20,325.		
<u>Rental payments to GSA</u>	0	64
The Office of National Programs has provided a preliminary estimated increase of 2.6% over the 1999 cost of \$2,475,000 for currently occupied space. This results in an increase of \$64,350.		
<u>FTS 2000</u>	0	20
Effective January 1, 1998, the Office of Systems and Telecommunications Management has provided an estimated surcharge of 4.9% for FTS 2000 to cover the cost of providing universal service.		
<u>Postage</u>	0	1
The Postal Rate Commission approved a one cent increase to the first-class postage stamp. This represents a 3% increase applied to the 1999 estimate of \$48,000 resulting in an increase of \$1,440.		
<u>Printing and reproduction</u>	0	4
GPO has provided an estimated rate increase of 3.1 percent. This percentage was applied to the FY 1999 estimate of \$144,000 to arrive at an increase of \$4,464.		
<u>Other services</u>	0	(57)
<u>Working Capital Fund</u> : An increase of \$105,000 is required to fund increases in the Departmental Working Capital Fund to maintain the current level of services.		
<u>Commerce Administrative Management System (CAMS)</u> : A decrease of \$162,000 is required for bureau participation in the Department-wide CAMS.		

JUSTIFICATION OF ADJUSTMENTS TO BASE AND BUILT-IN CHANGES
(Dollar amounts in thousands)

	<u>FTE</u>	<u>Amount</u>
<u>National Archives and Records Administration (NARA) storage costs</u>	0	34
In FY 2000, NARA will begin billing agencies for records storage and maintenance costs. This represents an increase of \$34,000.		
<u>General pricing adjustment</u>	0	23
This request applies OMB economic assumptions for 2000 to subobject classes where the prices that the Government pays are established through the market system. Factors are applied to other services (\$18,180); supplies and materials (\$1,800), and equipment (\$3,100).		
Subtotal, other changes	0	<u>1,055</u>
Less absorption of adjustments to base	0	<u>(118)</u>
TOTAL, ADJUSTMENTS TO BASE	0	(657)

Department of Commerce
 Economic Development Administration
 Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

ACTIVITY: EXECUTIVE DIRECTION		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY:		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
A/S for Economic Development	Pos./BA	4	\$541	4	\$305	4	\$319	4	\$319	0	\$0
	FTE/Obl.	4	299	4	305	4		4		0	0
Chief Counsel	Pos./BA	6	526	6	560	6	584	6	584	0	0
	FTE/Obl.	6	430	6	560	6		6		0	0
Total Direct Obligations	Pos./BA	10	1,067	10	865	10	903	10	903	0	0
	FTE/Obl.	10	729	10	865	10		10		0	0

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Executive Direction

Goals and Objectives

Goals: To manage the Agency effectively and efficiently in achieving the objectives of this Administration, the Secretary of Commerce and Congress.

Objectives: To provide essential policy guidance and management to ensure program effectiveness and the maximum utilization of all funds.

Base Program

This activity consists of the Assistant Secretary who directs the Agency's programs and is responsible for the conduct of all economic development activities, including overall direction and coordination of the regional offices of EDA, subject to the policies and directives prescribed by the Secretary of Commerce. The Chief Counsel renders legal services to the Assistant Secretary and staff of EDA. The Chief Counsel also has primary responsibility for the preparation, coordination and clearance of all legislation, regulations and external orders.

Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: FINANCE AND ADMINISTRATION		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY/LINE ITEM:		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Ofc. of Chief Financial Officer	Pos./BA	3	2,716	3	1,643	3	1,958	3	3,146	0	1,188
	FTE/Obl.	2	2,723	3	1,643	3		3		0	0
Accounting	Pos./BA	8	813	8	593	8	604	8	604	0	0
	FTE/Obl.	8	478	8	593	8		8		0	0
Information Systems	Pos./BA	6	917	6	2,624	6	2,645	6	2,413	0	(232)
	FTE/Obl.	6	2,166	6	2,624	6		6		0	0
Budget	Pos./BA	4	218	4	264	4	312	4	312	0	0
	FTE/Obl.	3	445	4	264	4		4		0	0
Liquidation Division	Pos./BA	[5]	0	[5]	0	[5]	0	[5]	0	0	0
	FTE/Obl.	[5]	0	[5]		[5]		[5]		0	0
Total Direct Obligations	Pos./BA	21	4,664	21	5,124	21	5,519	21	6,475	0	956
	FTE/Obl.	19	5,812	21	5,124	21	0	21	0	0	0

NOTE: The Liquidation Division positions/FTE's are bracketed because the division receives its funding from a reimbursable account.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Finance and Administration

Goals and Objectives

Goals: To provide comprehensive administrative, financial and ADP support to all EDA components.

Objectives: To assist EDA components in the execution of their programs consistent with the intent of the Administration, the Secretary of Commerce, and the Congress.

Base Program

The Chief Financial Officer serves as the Internal Control Coordinator, EEO Officer, Senior Official for Information Resource Management and Procurement responsible for coordinating and evaluating internal financial management control systems; provides for the full range of administrative services (human resources, personnel, awards, and training), unless otherwise provided at the Departmental level, for EDA headquarters and, as required, for the Regional Offices; serves as liaison with the Department's Chief Financial Officer and the Assistant Secretary for Administration; and conducts the administration of EDA loans and guarantees requiring servicing, and develops and implements policies, standards, and procedures for collecting or taking other actions to resolve debts arising from grants made by EDA pursuant to statutory authority.

The Accounting staff develops and maintains accounting systems and prepares financial reports for internal and external use, according to the needs of management, the requirements of laws or regulations and established policies; provides accounting support for effective control of all funds administered to accurately present the status of all funds and authority within the requirements of the Anti-Deficiency Act and as required by the Budget Officer; analyzes financial and operating data to ensure that financial and management policies are being followed; and serves as the liaison with the Office of the Secretary and other federal agencies in all accounting matters.

The Information Systems staff plans, develops, acquires, and coordinates the use of automatic data processing systems and equipment for EDA; provides data processing services, including the conduct of feasibility studies and the development of systems and programs for the application of automatic data processing techniques; develops and maintains a comprehensive information and data base system to meet specified requirements for budgetary, administrative, planning, operational, program management, and program evaluation purposes; and provides periodic and special summary reports on current optional trends and performance comparisons to planned goals.

The Liquidation staff conducts the orderly liquidation of EDA projects acquired at foreclosure or otherwise, to dispose of program assets to the best advantage of the government; directs all liquidation activities concerning the care and protection of EDA's collateral and security position in EDA loans/guarantees; and requests the assistance of, and works with, EDA's Office of Chief Counsel and other federal agencies toward the orderly liquidation of EDA loans/guarantees. This staff also conducts the loan administration of EDA loans and guarantees requiring servicing to sustain or restore EDA projects as viable operations, including modifications of existing loan/guarantee terms and conditions; analyzes and recommends for approval of denial modification actions to existing EDA loan/guarantee terms and conditions. Performs appropriate actions, such as restructuring, refinancing, obtaining new capital, or arranging for takeover by another organization when it is determined to be in the best interest of the government; and oversees post-approval management of revolving loan fund projects. This staff also handles grant and contract "debt" cases.

The Budget staff, in concert with Agency and Departmental officials, develops and prepares the annual budget for EDA. The Budget Officer is responsible for the fiscal aspects of EDA programs and programs entrusted to other federal agencies; reviews and monitors a fiscal control system for both program and administrative expenses consistent with the requirements of the Anti-Deficiency Act, which include, but not restricted to allotment of funds, operating budgets, employment limitations, and analyses of reports and resource proposals.

Department of Commerce
Economic Development Administration
Salaries and Expenses
INCREASE for 2000
(Dollar amounts in thousands)

ACTIVITY: FINANCE AND ADMINISTRATION		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY/LINE ITEM:		Pers.	Amount	Pers.	Amount	Pers.	Amount
Chief Financial Officer	Pos./BA	3	1,958	3	3,146	0	1,188
	FTE/Obl	3		3		0	0
Accounting	Pos./BA	8	604	8	604	0	0
	FTE/Obl	8		8		0	0
Information Systems	Pos./BA	6	2,645	6	2,413	0	(232)
	FTE/Obl	6		6		0	0
Budget	Pos./BA	4	312	4	312	0	0
	FTE/Obl	4		4		0	0
Liquidation	Pos./BA	[5]	0	[5]	0	0	0
	FTE/Obl	[5]		[5]		0	0
Total	Pos./BA	17	5,519	21	6,475	0	956
	FTE/Obl	15		15		0	0

Proposed FY 2000 Program Change

The increase will be used to provide funding for overhead expenses previously supplemented through special funding for post-disaster economic recovery and reimbursable agreements for assistance provided in partnership with other government agencies. EDA believes that it is important to achieve stability in its base S&E appropriation to support its currently modest operational level and to no longer rely upon unpredictable, one time adjustment to maintain adequate funding levels.

Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Office of Finance and Administration

<u>Object Class</u>	2000 <u>Increase</u>
11 Personnel compensation	
11.1 Full-time permanent	\$ 0
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	210
11.8 Special personnel services payments	<u>0</u>
11.9 Total personnel compensation	210
12.1 Civilian personnel benefits	0
13 Benefits for former personnel	0
21 Travel and transportation of persons	(15)
22 Transportation of things	(7)
23.1 Rental payments to GSA	(137)
23.2 Rental payments to others	0
23.3 Commun., util., misc. charges	0
24 Printing and reproduction	0
25 Other services	564
26 Supplies and materials	41
31 Equipment	<u>300</u>
99 Total obligations	\$956

Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: OFFICE OF PROGRAM OPERATIONS		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY/LINE ITEM:		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
DAS for Program Operations	Pos./BA	3	305	3	385	3	400	3	400	0	0
	FTE/Obl.	3	271	3	385	3		3		0	0
Economic Adjustment Division	Pos./BA	10	853	10	800	10	832	10	832	0	0
	FTE/Obl.	8	561	10	899	10		10		0	0
Public Works Division	Pos./BA	8	645	8	692	8	722	8	722	0	0
	FTE/Obl.	8	566	8	692	8		8		0	0
Planning & Development Assistance	Pos./BA	9	689	9	749	9	781	9	781	0	0
	FTE/Obl.	8	629	9	749	9		9		0	0
Compliance Division	Pos./BA	6	492	6	496	6	517	6	517	0	0
	FTE/Obl.	6	444	6	496	6		6		0	0
Total Direct Obligations	Pos./BA	36	2,984	36	3,122	36	3,252	36	3,252	0	0
	FTE/Obl.	33	2,471	36	3,221	36	0	36	0	0	0

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Program Operations

Goals and Objectives

Goals: Coordinate the Agency's economic development assistance programs at the national/regional level.

Objectives: To develop policies and procedures for the effective implementation of EDA programs; and to monitor the performance of previously approved projects to ensure completion in accordance with conditions stated in the grants and in law.

Base Program

The Deputy Assistant Secretary for Program Operations provides coordinated direction of headquarters activities related to economic adjustment, development facilities, planning, defense economic adjustment, and local technical assistance.

The Economic Adjustment Assistance staff coordinates and oversees the operation of the Title IX Program of PWEDA, including the capacity development and business aspects of defense adjustment assistance, the Sudden and Severe Economic Dislocation, and Long-Term Economic Deterioration programs; develops policies and procedures for implementing these programs; and provides post-approval assistance, taking into account program and policy compliance and appropriate measures to correct non-compliance. By the end of the decade, Post-Cold War Defense cuts and successive rounds of military base closures will cause substantial economic hardship throughout the country, affecting hundreds of communities, thousands of businesses, and perhaps as many as one million workers. Federal resources for economic adjustment and investment assistance to help these communities, businesses and workers make the transition to civilian activities are spread out among a large number of federal departments and agencies. To address this problem, EDA, working jointly with the Department of Defense's, Office of Economic Adjustment, established the Office of Economic Conversion Information. This office serves as a central information clearinghouse of federal, state, and local economic adjustment programs.

The Public Works staff coordinates and oversees the operation of the Title I program of PWEDA; develops policies and procedures for implementing this program; and oversees post-approval management of all infrastructure investments including Economic Adjustment, Defense Economic Adjustment and post-disaster recovery construction projects.

The Planning and Development Assistance staff coordinates and oversees the Planning programs, including grants to states, cities, counties, districts, non-profit organizations, and Indian tribes; coordinates and oversees the operation of the Title III Local Technical Assistance activities; and University Centers program; and provides grants to Trade Adjustment Assistance Centers (TAACs) to assist firms and communities adversely affected by imports; and directs the certification of firms as eligible to apply for technical assistance.

The Compliance Review staff conducts studies to assure that EDA assistance develops and expands job creation capacity rather than generate excess capacity; determines and recommends areas eligible for designation as economic development areas, as requested; coordinates all of EDA's environmental activities; develops agency procedures for complying with environmental legislation, regulations, and executive orders; serves as EDA's official under the provisions of the National Environmental Policy Act of 1969 (NEPA); establishes effective systems throughout EDA to obtain and monitor reports regarding the program of equality of opportunity and ensures compliance with Civil Rights Guidelines, Department and EDA Regulations; establishes report requirements to ensure equality of opportunity by participants in economic development programs, conducts on-site inspections, and receives, investigates, and adjusts complaints; evaluates EDA experience regarding the equal opportunity program from a project activity viewpoint; and establishes uniform equal opportunity standards and procedures to be followed in reviewing EDA projects.

Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
(Dollar amounts in thousands)

ACTIVITY: OFFICE OF CONGRESSIONAL LIAISON AND PROGRAM RESEARCH AND EVALUATION		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY/LINE ITEM:		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
DAS for Cong. Liaison & Program Research & Evaluation	Pos./BA	2	163	2	227	2	233	2	233	0	0
	FTE/Obl	2	396	2	227	2		2		0	0
Research and National Tech. Assistance	Pos/BA	5	482	5	486	5	504	5	504	0	0
	FTE/Obl	5	144	5	486	5		5		0	0
Operations Review and Analysis	Pos./BA	3	241	4	505	4	515	4	515	0	0
	FTE/Obl	3	212	4	505	4		4		0	0
Ofc. of Comm. & Cong. Liaison	Pos/BA	10	553	9	641	9	669	9	669	0	0
	FTE/Obl	8	444	9	641	9		9		0	0
Total Direct Obligations	Pos./BA	20	1,439	20	1,859	20	1,921	20	1,921	0	0
	FTE/Obl	18	1,196	20	1,859	20		20		0	0

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Office of Congressional Liaison and Program Research & Evaluation

Goals and Objectives

Goals: To provide coordinated direction of EDA activities related to program research, technical assistance, demonstrations and evaluation; performance measurement; strategic planning; budgetary functions; and audit resolution.

Objectives: To develop policies and procedures related to strategic planning and program evaluation; effective implementation of research and technical assistance programs; and the development and monitoring of an effective budget and fiscal system.

Base Program

The Deputy Assistant Secretary for Congressional Liaison and Program Research & Evaluation is responsible for managing EDA's budget and fiscal activities, strategic planning and performance measurement system, Research and Evaluation and national Technical Assistance programs, and audit resolution and tracking processes, including adherence to EDA policy and programmatic requirements, and serves as liaison to the Department's Office of Budget, Management and Information.

The National Technical Assistance and Research Division staff evaluates, integrates, and disseminates the results of EDA-sponsored research, evaluations and demonstration projects; conducts external and in-house research and analysis and provides technical assistance to increase the general understanding of local and regional economic development issues.

The Operations Review and Analysis staff provides technical assistance to EDA in the areas of agency-wide program and policy review, program performance measurement, and, as Audit Liaison, coordination with the Inspector General's staff on audit closeouts.

The Office of Communications and Congressional Liaison serves as the principal advisor to the Assistant Secretary on matters pertaining Congressional issues, is responsible for all internal and external informational communication activities, and provides for the central management of all Congressional/executive information maintenance and dissemination.

Department of Commerce
 Economic Development Administration
 Salaries and Expenses
PROGRAM AND PERFORMANCE: DIRECT OBLIGATIONS
 (Dollar amounts in thousands)

ACTIVITY: REGIONAL OPERATIONS		1998 Actual		1999 Currently Available		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY/LINE ITEM:		Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount	Pers.	Amount
Philadelphia	Pos./BA	34	3,011	35	3,104	35	2,832	35	3,520	0	688
	FTE/Obl	30	3,182	35	3,123	35		35		0	0
Chicago	Pos./BA	27	2,345	24	2,396	24	2,189	24	2,668	0	479
	FTE/Obl	24	2,503	24	2,396	24		24		0	0
Seattle	Pos./BA	31	2,483	35	2,753	35	2,512	39	3,058	4	546
	FTE/Obl	28	2,109	35	3,158	35		38		3	0
Austin	Pos./BA	22	1,859	24	1,890	24	1,724	24	2,114	0	390
	FTE/Obl	22	1,990	24	1,890	24		24		0	0
Atlanta	Pos./BA	29	2,400	33	2,502	33	2,281	33	2,830	0	549
	FTE/Obl	26	2,482	33	2,532	33		33		0	0
Denver	Pos./BA	23	1,776	23	1,979	23	1,804	23	2,230	0	426
	FTE/Obl	21	1,994	23	2,009	23		23		0	0
Total	Pos./BA	166	13,874	174	14,624	174	13,342	178	16,420	4	3,078
	FTE/Obl	151	14,260	174	15,108	174		177		3	0

**Department of Commerce
Economic Development Administration
Salaries and Expenses
JUSTIFICATION OF PROGRAM AND PERFORMANCE**

Activity: Regional Operations

Goals and Objectives

Goals: To provide, at the regional/local levels, coordinated program implementation, outreach and assistance to existing and potential grantees.

Objectives: To execute policies and procedures for the effective operation of all EDA programs and projects; to monitor the evolution of previously approved projects to ensure completion in accordance with conditions stated in the grants and in law; and to assist with audit closeouts.

Base Program

Regional operations include the six Regional Directors and their supporting technical, administrative and clerical personnel. Regional Directors are responsible for the implementation of EDA's programs within specific geographic areas and assist in the management of resources and the processing, monitoring and servicing of projects. Regional Counsels provide the legal reviews required to execute and administer regional project. The Public Works and Infrastructure Development, Planning and Technical Assistance and Economic Adjustment staffs review and process applications for economic development assistance and monitor and service approved projects at the local level. Economic Development Representatives provide outreach and assistance at the local level.

Department of Commerce
Economic Development Administration
Salaries and Expenses
INCREASE for 2000
(Dollar amounts in thousands)

ACTIVITY: REGIONAL OPERATIONS		2000 Base		2000 Estimate		Increase/ (Decrease)	
SUBACTIVITY/LINE ITEM:		Pers.	Amount	Pers.	Amount	Pers.	Amount
Philadelphia	Pos./BA	35	2,832	35	3,520	0	688
	FTE/Obl	35		35		0	
Chicago	Pos./BA	24	2,189	24	2,668	0	479
	FTE/Obl	24		24		0	
Seattle	Pos./BA	35	2,512	39	3,058	4	546
	FTE/Obl	35		38		3	
Austin	Pos./BA	24	1,724	24	2,114	0	390
	FTE/Obl	24		24		0	
Atlanta	Pos./BA	33	2,281	33	2,830	0	549
	FTE/Obl	33		33		0	
Denver	Pos./BA	23	1,804	23	2,230	0	426
	FTE/Obl	23		23		0	
Total	Pos./BA	174	13,342	178	16,420	4	3,078
	FTE/Obl	174		177		3	

Proposed FY 2000 Program Change

For FY 2000, EDA requests a \$3.078 million increase for EDA's field operations, whose staff has responsibility for the development, approval and implementation of projects, gathering data from grantees for EDA's performance measurement system, and the post-approval monitoring of EDA's portfolio of undisbursed obligations. EDA has undertaken a number of management and programmatic reforms that have produced improvements that are now widely acknowledged and applauded. The focus on financial and program management will, of course, continue, but cannot substitute for the minimal level of staffing and funding required to maintain the agency's statutory and programmatic obligations.

EDA's success in fulfilling its essential program responsibilities during FY 1996 thru 1998 has been dependent upon the receipt of supplementary appropriations for disaster recovery assistance, and payments and transfers received under reimbursable agreements with other Federal agencies. EDA believes that it is important to achieve stability in its base S&E appropriation to support its currently modest operational level and to no longer rely upon unpredictable, one time adjustment to maintain adequate staffing levels.

Beyond current appropriation activity, EDA must expend substantial resources to monitor a portfolio of projects implemented in previous years. This portfolio of previously-funded activity averages over 2,000 open and active projects amounting to about \$1 billion in obligations. Included in the open portfolio is a substantial "bulge" of project activity as a result of increases in EDA's direct appropriations in recent years. EDAP appropriations in Fiscal Years 1993 thru 1999 were considerably higher than at any time in the previous 11 years and included funds to provide assistance in communities affected by disasters and closure of military installations as a result of BRAC. The increased funding generated project activity that draws on existing staff resources for monitoring and review.

Also, the Government Performance and Results Act of 1993 (GPRA) has imposed new management and monitoring requirements that will require increased levels of outreach and oversight of EDA projects across the country by existing staff. It is a substantial responsibility that EDA takes seriously.

The temporary position increases are required to support the implementation of an Alaska fisheries recovery strategy. Two positions will be deployed in Anchorage to support the on-site technical assistance needed by native grantees in project development. Two positions will be located in the Seattle Regional office to support application processing and post-approval project management.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM CHANGE PERSONNEL DETAIL**

Activity: Regional Operations
Program Change: Additional staffing

<u>Title:</u>	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>	<u>Total Salaries</u>
Program Specialist	12	1	48,478	48,478
Community Planner	11	1	40,448	40,448
Program Specialist	11	<u>2</u>	40,448	<u>80,896</u>
Total		4		169,822
Less lapse (25%)		<u>(1)</u>		<u>(42,456)</u>
Total full-time permanent (FTE)		3		127,366
2000 Pay Adjustment (4.4%)				<u>5,604</u>
Subtotal				132,970
Redirection of funding from reimbursable to direct				<u>2,120,000</u>
Total				\$2,252,970

Personnel Data

Full-time Equivalent Employment	
Full-time permanent	3
Other than full-time permanent	<u>0</u>
Total	3

Authorized Positions:

Full-time permanent	4
Other than full-time permanent	<u>0</u>
Total	4

Department of Commerce
Economic Development Administration
Salaries and Expenses
PROGRAM CHANGE DETAIL BY OBJECT CLASS
(Dollar amounts in thousands)

Activity: Regional Operations

	<u>2000</u> <u>Increase</u>
11 <u>Object Class</u>	
11 Personnel compensation	
11.1 Full-time permanent	\$2,253
11.3 Other than full-time permanent	0
11.5 Other personnel compensation	0
11.8 Special personnel services payments	<u>0</u>
11.9 Total personnel compensation	2,253
12.1 Civilian personnel benefits	654
13 Benefits for former personnel	0
21 Travel and transportation of persons	0
22 Transportation of things	0
23.1 Rental payments to GSA	0
23.2 Rental payments to others	8
23.3 Commun., util., misc. charges	0
24 Printing and reproduction	0
25 Other services	77
26 Supplies and materials	53
31 Equipment	<u>33</u>
99 Total obligations	\$3,078

Department of Commerce
 Economic Development Administration
 Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
 (Dollar amounts in thousands)

	OBJECT CLASS	1998 Actual	1999 CURRENTLY AVAILABLE	2000 BASE	2000 ESTIMATE	INCREASE/ (DECREASE)
11	Personnel Compensation					
11.1	Full-time permanent	14,124	14,311	14,130	16,383	2,253
11.3	Other than full-time permanent	51	53	55	55	0
11.5	Other personnel compensation includes Lump Sum	253	320	110	320	210
11.9	Total personnel compensation	14,428	14,684	14,295	16,758	2,463
12.1	Civilian personnel benefits	2,863	2,927	2,910	3,564	654
13.0	Benefits for former personnel	0	0	0	0	0
21.0	Travel and transportation of persons	712	1,112	1,167	1,152	(15)
22.0	Transportation of things	29	39	39	32	(7)
23.1	Rental payments to GSA	2,100	2,220	2,475	2,338	(137)
23.2	Rental payments to others	13	10	10	18	8
23.3	Communications, utilities and miscellaneous charges	409	465	465	465	0
24.0	Printing and reproduction	55	113	144	144	0
25.2	Other services	510	668	502	502	0
25.3	Purchase of goods and services from Government Accounts	1,018	1,580	1,775	1,775	0
25.7	Operations and maintenance of equipment	1,472	1,475	663	1,304	641
26.0	Supplies and materials	275	180	182	276	94
31	Equipment	584	704	310	643	333
99.0	Subtotal Direct Obligations	24,468	26,177	24,937	28,971	4,034
99.0	Reimbursable Obligations	2,476	1,460	760	760	0
99.9	TOTAL OBLIGATIONS	26,944	27,637	25,697	29,731	4,034

Department of Commerce
Economic Development Administration
Salaries and Expenses
SUMMARY OF REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

PERSONNEL DATA	1998 Actual	1999 Currently Available	2000 Base	2000 Estimate	Increase/ (Decrease)
Full-Time Equivalent Employment:	Amount	Amount	Amount	Amount	Amount
Full-time permanent	251	267	267	270	3
Other than full-time permanent	1	1	1	1	0
Total	252	268	268	271	3
Authorized Positions:					
Full-time permanent	259	267	267	271	4
Other than full-time permanent	1	1	1	1	0
Total	260	268	268	272	4

Note: Full-time Equivalent Employment includes the following reimbursable FTE: 21 in 1998, 7 in 1999, and 7 in 2000.

Department of Commerce
Economic Development Administration
Salaries and expenses
DETAILED REQUIREMENTS BY OBJECT CLASS
(Dollar amounts in thousands)

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase/ (Decrease)
11	Personnel Compensation				
11	Full-time permanent:				
	Executive Level	\$5	\$123	\$123	0
	Senior Executive Service (SES)	7	1,025	1,045	20
	General Schedule	69	12,982	15,215	2,233
	Subtotal	81	14,130	16,383	2,253
11	Other than full-time permanent:				
	General schedule (part-time permanent)	2	55	55	0
12	Other personnel compensation:				
	Overtime	0	10	50	40
	SES performance awards	0	0	0	0
	Cash awards	0	100	270	170
	Subtotal	0	110	320	210
12	Total personnel compensation	83	14,295	16,758	2,463
12	Civilian personnel benefits:				
	Civil Service Retirement System and offset	(28)	746	967	221
	Federal Employees' Retirement System	69	576	626	50
	Thrift Savings Plan	6	370	325	(45)

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase/ (Decrease)
12	Civilian personnel benefits: (Cont'd)				
	OASDI	\$42	\$240	463	223
	Medicare	5	197	248	51
	Health insurance	16	531	658	127
	Life insurance	1	19	24	5
	Employees' Compensation Fund	31	196	196	0
	Cost of Living Allowance (COLA)	2	35	57	22
	Subtotal	144	2,910	3,564	654
13	Benefits for former personnel:				
	Severance pay	0	0	0	0
21	Travel and transportation of persons:				
	Common carrier	0	109	106	(3)
	Per diem/actual expenses	0	813	808	(5)
	Privately-owned vehicles	0	245	238	(7)
	Commercially-rent vehicles	0	0	0	0
	Other	0	0	0	0
	Subtotal	0	1,167	1,152	(15)
22	Transportation of things	0	39	32	(7)
23	Rental payments to GSA	0	2,475	2,338	(137)
23	Rental payments to others	0	10	18	8
23	Communications, utilities and miscellaneous charges:				
	Federal Telecommunications System	0	412	412	0
	Other telecommunications services	0	5	5	0
	Postal services by USPS	0	48	48	0
	Subtotal	0	465	465	0

Object Class		2000 Adjustment to Base	2000 Base	2000 Estimate	Increase/ (Decrease)
24	Printing and reproduction:				
	Envelopes	\$0	\$104	\$104	0
	Other (Payments to WCF)	0	40	40	0
	Subtotal	0	144	144	0
25	Other services:				
	Training:				
	Office of Personnel Management	0	10	20	10
	Other	0	112	207	95
	Maintenance of equipment	0	51	70	19
	Other non-government contracts	(166)	329	205	(124)
	Other	0	0	0	0
	Subtotal	(166)	502	502	0
25	Purchases of goods and services from Government accounts	136	1,643	1,643	0
	CAMS (Bureau specific)	(162)	53	53	0
	CAMS (Bureau shared)	0	79	79	0
	Subtotal	(26)	1,775	1,775	0
25	Operation and maintenance of equipment	(300)	663	1,304	641
26	Supplies and materials:				
	Office supplies	0	90	120	30
	ADP supplies	2	47	80	33
	Other	0	45	76	31
	Subtotal	2	182	276	94
31	Equipment	(394)	310	643	333
99	Subtotal Direct Obligations	(657)	24,937	28,971	4,034
99	Reimbursable Obligations	0	760	760	0
100	TOTAL OBLIGATIONS (GROSS BA)	(657)	25,697	29,731	4,034

**Department of Commerce
Economic Development Administration
APPROPRIATION SUMMARY STATEMENT**

Appropriation: Salaries and Expenses (\$24,000,000)

The Salaries and Expenses appropriation finances salaries, benefits and other expenses for personnel engaged in the administration of economic development assistance programs authorized by the Public Works and Economic Development Act of 1965, as amended. This appropriation also finances the costs of services provided to EDA by other Federal and non-federal sources, and for other related direct and indirect administrative costs incurred in operating the Agency.

The funds requested support an economic development program which includes: (1) planning assistance to local communities; (2) technical assistance in the formulation and coordination of economic development proposals and applications; (3) financing of those grant projects with the greatest program pay-offs which meet the technical, financial and statutory requirements of the legislation; (4) project monitoring and implementation assistance to assure effectiveness in project execution; (5) evaluation of EDA projects to develop more effective ways to provide assistance; and (6) internal and external economic research designed to meet both planning and operating needs related to economic development.

The "Salaries and Expenses" appropriation is comprised of five major subactivities: 1) Executive Direction; 2) Office of Program Operations; 3) Office of Finance and Administration; 4) Regional Operations and; 5) Office of Congressional Liaison and Program Research and Evaluation. The Regional Operations subactivity is comprised of six regional offices and Economic Development Representatives (EDRs). The other four subactivities (Executive Direction, Office of Finance and Administration, Office of Program Operations and Office of Congressional Liaison and Program Research and Evaluation) positions are located in Washington.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
APPROPRIATION LANGUAGE AND CODE CITATIONS**

1. For necessary expenses of administering the economic development assistance programs as provided for by law, \$24,000,000:

42 U.S.C. 3218(c), 3219

42 U.S.C. 3218© - Authorizes the transfer of appropriated funds between department and agencies of the Government, if such funds are used for the purpose for which they are specifically authorized and appropriated.

42 U.S.C. 3219 - Authorizes the appropriation of such sums as may be necessary to carry out those provisions of the Public Works and Economic Development Act of 1965, as amended, for which specific authority is not otherwise provided.

2. Provided, That these funds may be used to monitor projects approved pursuant to title I of the Public Works Employment Act of 1976, as amended,

42 U.S.C. 6701

42 U.S.C. 6701 - Public Works Employment Act of 1976 authorizes the appropriation of such sums as may be necessary for the administration of this Act. This program provides funds for the monitoring and evaluation of projects funded under this local public works program.

3. Title II of the Trade Act of 1974, as amended,

19 U.S.C. 2346(b)

19 U.S.C. 2346(b) authorizes the appropriation of such sums as may be necessary to carry out these functions.

4. and the Community Emergency Drought Relief Act of 1977.

42 U.S.C. 5184

42 U.S.C. 5184 - Authorizes the appropriation of such sums as may be necessary to carry out those provisions of the Community Emergency Drought Relief Act of 1977.

**Department of Commerce
Economic Development Administration
Salaries and Expenses
AVERAGE GRADE AND SALARIES
(Dollar amounts in thousands)**

	1998 <u>Actual</u>	1999 <u>Estimate</u>	2000 <u>Estimate</u>
Average ES Grade	2.13	2.00	2.00
Average GS Grade	11.74	11.75	11.74
Average GS Salary	\$56,920	\$59,320	\$61,661

DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION
NPR Streamlining Plan Update
NPR 1

1. FY 1998 Activities and Accomplishments

During FY 1998, EDA efforts were successfully focused on reauthorization of EDA programs and continued reform of program and support processes. EDA was reauthorized for five years by the Economic Development Administration Reform Act of 1998 (Public Law 105-393, signed by President Clinton on November 13, 1998). EDA transferred full grant award authority to regions in order to reduce processing time and re-engineered its grants application process, creating a single application form. EDA conducted an agency wide strategic planning process that culminated in recommendations for further improving program policy and agency processes, organization and management. Through the creation of an EDA Policy Council, EDA has established the oversight vehicle for the agency's ongoing strategic planning process, one that supports Department themes.

2. FY 1999 Activities and Goals

EDA will implement all aspects of the reauthorization of EDA programs. EDA will complete a electronic program performance data gathering system upgrade that will track reports on program outcomes, both interim and long term measures. EDA plans to continue management of its streamlining and reorganization, program reforms including the program performance measurement system, move toward electronic grants processing, target resources to areas of greatest need, and improve customer satisfaction.

During the 106th Congress, EDA will seek reauthorization of the Trade Act of 1974, as amended, which permits the agency to operate an effective program for assisting firms injured by imports.

3. Planned FY 2000 Activities and Goals

EDA plans to address a wide range of capacity building needs of Americas distressed communities. EDA will match its investments with the "State of the Market" while helping communities move towards the "State of the Art".

DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION
NPR Target Positions
NPR 2

Supervisors			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
31	32	37	37

Personnel Specialists			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
N/A	N/A	N/A	N/A

Budget Specialists			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
3	3	4	4

Accountants and Auditors			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
9	9	8	8

Acquisition Specialists			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
N/A	N/A	N/A	N/A

Headquarters Staff			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
87	87	87	87

Totals			
<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
130	131	136	136